

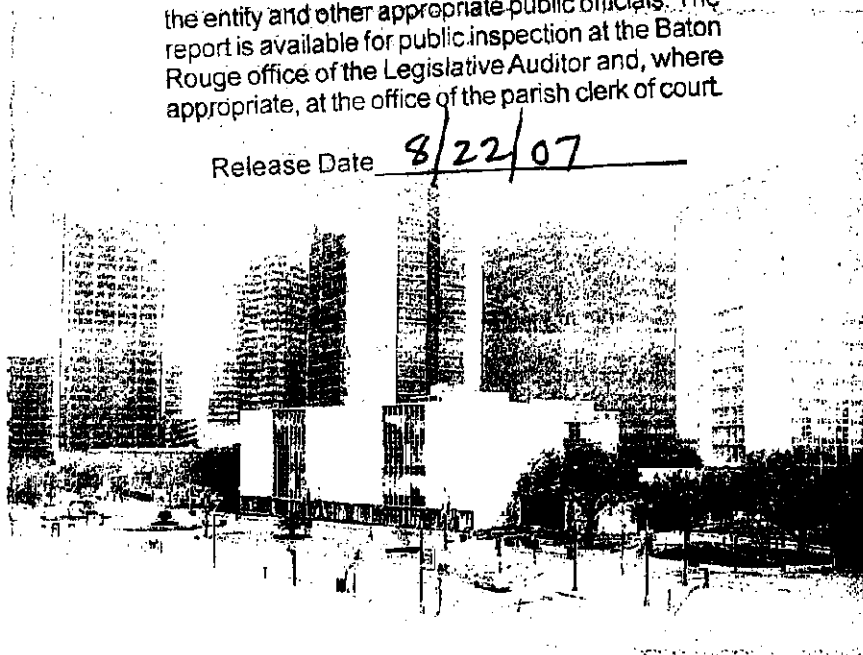
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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2006 & 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/22/07



JUDICIAL EXPENSE FUND
FOR THE CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
STATE OF LOUISIANA

PREPARED BY ANNE CASTJOHN CPA
AND DIANE B. ALLISON, CPA, CGFO

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Judicial Expense Fund

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June 19, 2007

To: Chief Judge Nadine Ramsey
The Judges *En Banc* of the Judicial Expense Fund
The Supreme Court of the State of Louisiana
Citizens of the Parish of Orleans and the State of Louisiana

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the financial condition of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans, also including First and Second City Courts, Recorder of Mortgages, and Register of Conveyances for the City of New Orleans (the Judicial Expense Fund), for the fiscal years ended December 31, 2006 and 2005. The report was prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), and is submitted in accordance with Louisiana Revised Statutes, Title 24, section 514.

The Judges *En Banc* of the Judicial Expense Fund are responsible for the accuracy, completeness and fair presentation of the data, representations, and disclosures presented in the CAFR. To the best of my knowledge and belief, the data presented are accurate in all material respects, reported in a manner designed to fairly present the financial position and results of operations, and provide disclosures necessary to enable the reader to gain an understanding of the financial activities and condition of the Judicial Expense Fund.

The CAFR is comprised of the following three sections:

- * The Introductory section, which begins on page 1, contains background and organizational information and summarizes current initiatives;
- * The Financial section, beginning on page 8, includes the independent auditor's report, Management's Discussion and Analysis, government-wide financial statements, fund financial statements, and notes to the financial statements; and
- * The Statistical section, beginning on page 79, presents historical financial data.

GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is intended to complement Management's Discussion and Analysis, which begins on page immediately following the independent auditor's report, and should be read in conjunction with it.

Independent Audit

These financial statements have been audited by the firm of Bruno and Tervalon LLP, Certified Public Accountants, located in New Orleans, Louisiana. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Judicial Expense Fund for the fiscal years ended December 31, 2006 and 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of the Judicial Expense Fund for the year ended December 31, 2005 are fairly presented in accordance with GAAP. For the year ended December 31, 2006, the independent auditor was unable to obtain the audited Financial Statements for Funds on Deposit for the Clerk of Civil District Court. Therefore his report was qualified with respect to those funds and no opinion was expressed upon them. With the exception of the Funds on Deposit for the Clerk of Civil District Court, the financial statements of the Judicial Expense Fund for the year ended December 31, 2006 are fairly presented in accordance with GAAP. The independent auditor's report is the first component of the financial section of this report.

Accounting Control

Management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to provide for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgements by management. All internal control evaluations occur within this framework. We believe that the internal accounting controls of the Judicial Expense Fund adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial transactions.

Profile of the Judicial Expense Fund

The Louisiana State Constitution of 1879 created the Judicial Expense Fund, which includes a district court (Orleans Parish Civil District Court); two city courts (First City Court and Second City

Court of New Orleans); and two city offices (the Recorder of Mortgages and the Register of Conveyances of New Orleans). The Judicial Expense Fund processes the most civil filings of all the 41 judicial districts in the state of Louisiana. Management's Discussion and Analysis includes a description of the financial reporting entity, and Note 1 explains the significant accounting policies.

The Judicial Expense Fund has only one fund, a General Fund. Revenues are comprised primarily of filing fees paid by attorneys and litigants. The Judicial Expense Fund is completely self-funded and does not receive tax revenue of any type. At December 31, 2006 and 2005 the Judicial Expense Fund did not have any debt, and all of the Fund Balance is unreserved.

As the Organizational Chart on page shows, the fourteen judges of Civil District Court, the three judges of First City Court, and the judge of Second City Court form the Judges *En Banc*, which is charged with managing the Judicial Expense Fund in accordance with Louisiana Revised Statutes, Title 13, section 1312. The names of these principal officials can be found on page 5 following this letter. All eighteen judges are elected for six-year terms. The terms of the fourteen judges of Civil District Court expire on December 31, 2008; the terms of the three First City Court judges expire on December 31, 2010; and the term of the Second City Court judge expires on December 31, 2007.

Act 621 of the Louisiana Legislature was signed by the Governor on June 23, 2006. This act relates to the reorganization and consolidation of the civil and criminal district courts and the juvenile court, clerk of civil and criminal courts and civil and criminal sheriffs in and for the parish of Orleans. It replaces the current system with a single district court, a single clerk of court, and a single sheriff. The constitution prohibits decreasing the terms of judges and elected officials during their terms of office, and accordingly, some of the provisions of of this Act will not effect a consolidation until 2009, 2010, and 2015. One major impact of this act is the creation of the Clerk's Salary Fund which receives 60% of filing fees net of expenses. As a result of this unexpected expenditure, the Fund has had's a sharp reduction in net assets.

In 2004 the Judges *En Banc* adopted their first budget. The five parochial officials were asked to submit their budgets in August. The Fiscal Administration department presented a government-wide budget to the Finance Committee and the Judges *En Banc* in September. The final budget was adopted at a public hearing held in October, and an amended budget was adopted at a second public hearing held in December. In accordance with Louisiana Revised Statutes, Title 39, section 1305 the budget is prepared by function and character. Management's Discussion and Analysis compares the budget with actual results and discusses the reasons for the major variances. The budget-to-actual financial statement appears on page 65 as part of the basic financial statements.

Factors Affecting Financial Condition

On August 29, 2005, the City of New Orleans was devastated by Hurricane Katrina, the worst natural disaster in U.S. history. As a result, the Judicial Expense Fund's operations were suspended for the entire month of September 2005. Operations resumed in October of 2005 at four satellite locations in Orleans, Ascension, East Baton Rouge and St. Tammany Parishes. The 2005 fiscal year

revenues were \$14.6 million and expenses were \$16 million, which resulted in a deficit of \$1.4 million. The reason for the deficit is due largely to the decline in revenues for the three months following the storm while we were displaced. In 2006 fiscal year revenues were \$14.7 million and expenses were \$15.7 million which resulted in a deficit of \$944 thousand.

Capital Improvement Projects

The Judicial Expense Fund has two major capital improvement projects in process: (1) the \$3 million conversion of its obsolete mainframe computer, which began in 2000, and (2) the eventual construction of a new courthouse building which will better accommodate the citizens of Orleans Parish by allowing for the use of modern technology and supplying more space for court offices and records. Additional details on these projects can be found in Management's Discussion and Analysis.

Investments

Currently, idle funds are invested only in two money market accounts. Note 2 describes the risks associated with these invested funds.

Risk Management

The Judges *En Banc* manage the Judicial Expense Fund's risks by purchasing commercial insurance policies, including coverage for general liability, property, crime, errors and omissions, professional liability, and workers compensation. Please see Note 9 on page 57 for information on when liabilities are recorded in the financial statements.

Pensions

As is described in detail in Note 3 on page 36, employees of the Judicial Expense Fund participate in one of four multiple-employer defined benefit retirement plans, depending on the employee's job. The Judicial Expense Fund does not guarantee the benefits issued by any of these four pension plans. The employer contribution rates for all four pensions increased in 2004. Note 3 contains additional pension information, including employer and employee contribution rates for 2006 and 2005.

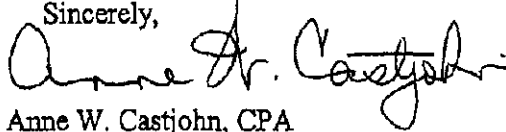
Postemployment Benefits

In June, 2004 the GASB issued Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Judicial Expense Fund implemented this Statement in 2004, four years earlier than the required implementation date. The actuarial evaluation resulted in an annual required contribution of \$855,035, which has been posted in 2004, 2005, and 2006 and a total actuarial accrued liability of \$7,385,454. Note 11 provides greater detail about postemployment benefits and the actuary's report.

Acknowledgments

I express my appreciation to the Kenneth Burrell, Judicial Administrator, the Judges *En Banc*, Parochial Officials and their respective staff members for their support in preparing this CAFR. I would also like to thank the staff of the Judicial Expense Fund for their hard work and contributions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne W. Castjohn".

Anne W. Castjohn, CPA
Chief Accountant

AWC:s

INTRODUCTORY SECTION



JUDICIAL
EXPENSE FUND

**JUDICIAL EXPENSE FUND
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

PRINCIPAL OFFICIALS

2006 JUDGES *EN BANC*

<u>Judge's Name</u>	<u>Court</u>	<u>Division</u>
Carolyn W. Gill Jefferson*	Civil District Court	A
Rosemary Ledet	Civil District Court	B
Sidney H. Cates, IV	Civil District Court	C
Lloyd J. Medley, Jr.	Civil District Court	D
Madeleine M. Landrieu	Civil District Court	E
Yada T. Magee	Civil District Court	F
Robin M. Giarrusso	Civil District Court	G
Michael G. Bagneris	Civil District Court	H
Piper D. Griffin	Civil District Court	I
Nadine M. Ramsey	Civil District Court	J
Herbert A. Cade	Civil District Court	K
Kern A. Reese	Civil District Court	L
Paulette R. Irons	Civil District Court	M
Ethel Simms Julien	Civil District Court	N
		<u>Section</u>
Charles A. Imbornone	First City Court	A
Angelique A. Reed	First City Court	B
Sonja M. Spears	First City Court	C
Mary "KK" Norman	Second City Court	

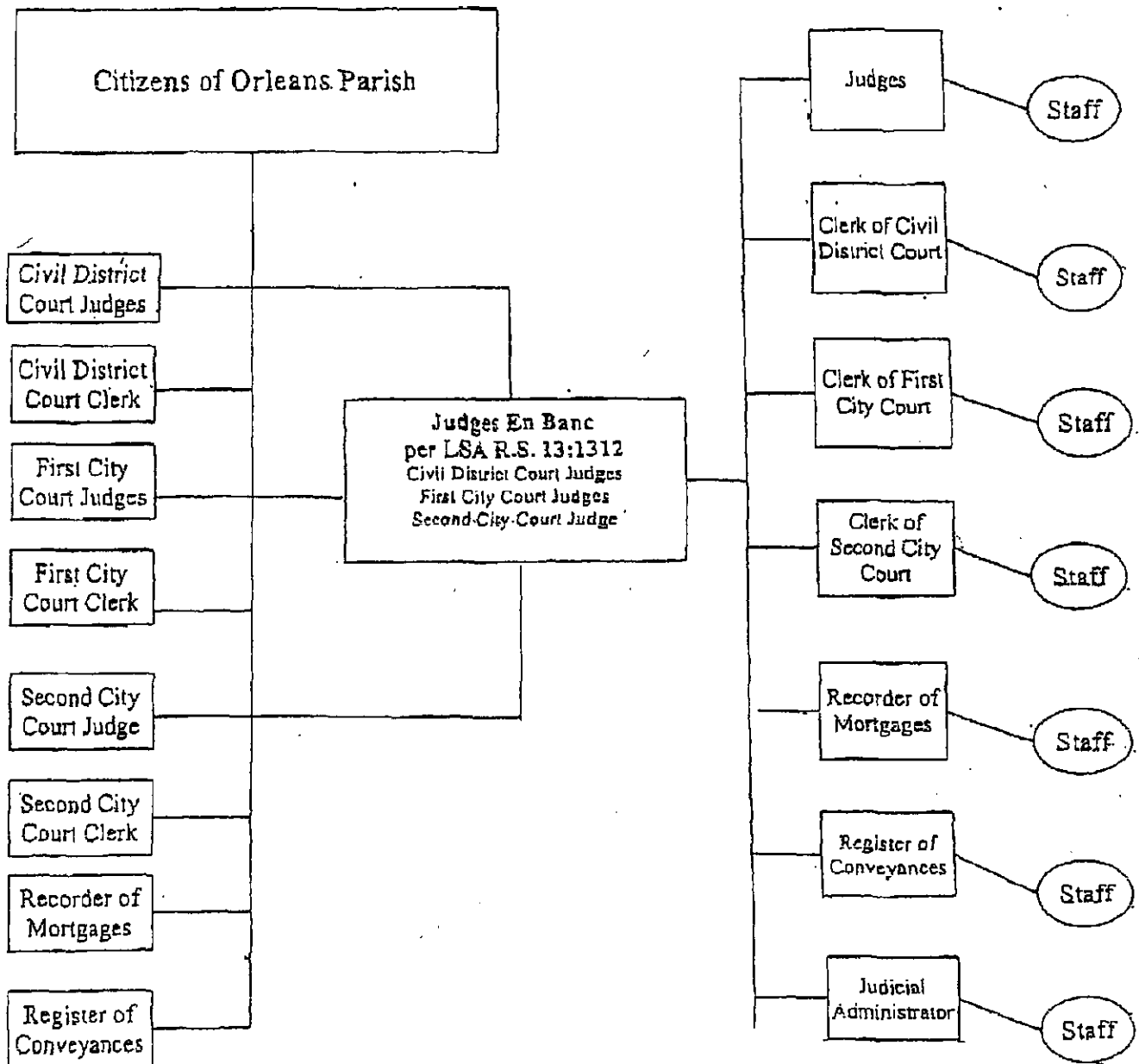
* Resigned effective 9/01/06

2006 PAROCHIAL OFFICIALS

<u>Name</u>	<u>Office</u>
Dale N. Atkins	Clerk of Civil District Court
Ellen M. Hazeur	Clerk of First City Court
Martin L. Broussard, Jr.	Clerk of Second City Court
Desiree M. Charbonnet	Recorder of Mortgages
Gaspar J. Schiro	Register of Conveyances

JUDICIAL EXPENSE FUND FOR THE CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

Organizational Chart



FINANCIAL SECTION



JUDICIAL EXPENSE FUND



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the
Judicial Expense Fund for the
Civil District Court for the Parish of Orleans
also including First and Second City Courts,
Recorder of Mortgages and Register of Conveyances
for the City of New Orleans
New Orleans, Louisiana

We have audited the governmental activities and fund financial statements as listed in the Table of Contents of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans** (hereinafter collectively referred to as **the Judicial Expense Fund**) as of and for the years ended December 31, 2006, and 2005. The governmental activities and fund financial statements are the responsibility of **the Judicial Expense Fund's** management. Our responsibility is to express an opinion on the governmental activities and fund financial statements based on our audits.

We did not audit the financial statements of the Clerk of Civil District Court for the Parish of Orleans for 2005, the First and Second City Courts of the City of New Orleans, for 2006 and 2005 whose fiscal operations pursuant to LSA-R.S. 13.1312, are managed by **the Judicial Expense Fund**. Those statements reflect total assets of \$751,173 (not including the Clerk of the Civil District Court for 2006) and \$ 25,054,414 as of December 31, 2006 and 2005, respectively.

These statements were audited by other auditors whose reports have been furnished to us, our opinion, insofar as it relates to the amounts included for the Clerk of Civil District Court for the Parish of Orleans, the First and Second City Courts of the City of New Orleans, is based solely on the report of the other auditors.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

The Honorable Judges of the
Judicial Expense Fund for the
Civil District Court for the Parish of Orleans
also including First and Second City Courts,
Recorder of Mortgages and Register of Conveyances
for the City of New Orleans
New Orleans, Louisiana

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the governmental activities and fund financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Judicial Expense Fund's** internal control over reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the governmental activities and fund financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall governmental activities and fund financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in NOTE 6 to the financial statements, the financial statements for the Clerk of Civil District Court for the Parish of Orleans as of and for the year ended December 31, 2006 which includes the Registry, Garnishment and Appeals Funds, were not available at June 19, 2007 for inclusion in the accompanying financial statements. In our opinion, the financial statements should be included in the accompanying financial statements to conform with accounting principles generally accepted in the United States of America.

In our opinion, based on our audits and the reports of the other auditors, and except for the omission of the 2006 financial statements information previously described, the governmental activities and fund financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the **Judicial Expense Fund** as of December 31, 2006, and 2005 and the changes in financial position of those activities and fund for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

The Honorable Judges of the
**Judicial Expense Fund for the
Civil District Court for the Parish of Orleans**
also including **First and Second City Courts,**
Recorder of Mortgages and Register of Conveyances
for the City of New Orleans
New Orleans, Louisiana

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2007 on our consideration of the **Judicial Expense Fund's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance.

Management's Discussion and Analysis is not a required part of the governmental activities and fund financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the governmental activities and fund financial statements of **the Judicial Expense Fund** taken as a whole. The supplementary information identified as Exhibits E through K is presented for purposes of additional analysis and is not a required part of the accompanying governmental activities and fund financial statements.

Such information has not been subjected to the auditing procedures applied in the audits of the governmental activities and fund financial statements and, accordingly, we express no opinion on it.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

The Honorable Judges of the
**Judicial Expense Fund for the
Civil District Court for the Parish of Orleans**
also including First and Second City Courts,
Recorder of Mortgages and Register of Conveyances
for the City of New Orleans
New Orleans, Louisiana

Also, the accompanying information identified as Schedules I, II, III and IV and Exhibits A, B, C, D and L is presented for purposes of additional analysis and is not a required part of the governmental activities and fund financial statements of the **Judicial Expense Fund**. Such information has been subjected to the auditing procedures applied in the audits of the governmental activities and fund financial statements and, in our opinion, except for the financial statements information previously stated, is fairly stated, in all material respects, in relation to the governmental activities and fund financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 19, 2007

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Introduction to the Two Types of Financial Statements

The Judicial Expense Fund has only one fund, the General Fund, and engages in only one type of activity, a governmental activity of a specific-purpose government. The fund financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, shown on pages 23 through 25) show the results of operations and financial position using the *current financial resources* measurement focus and the *modified accrual* basis of accounting, emphasizing the change in fund balance as a result of the current year's operations as well as the amount of resources available to spend. The government-wide financial statements (Statement of Net Assets and Statement of Activities, shown on pages 21 and 22) show the results of operations and financial position using the *total economic resources* measurement focus and the *accrual* basis of accounting, which emphasize the long-term financial picture and are very similar to the financial statements of private-sector for-profit enterprises.

The difference in *measurement focus* affects the types of transactions and events that are reported in the operating statement. Specifically, since *fund* statements are concerned with only *current* financial resources, noncurrent assets and liabilities are not shown on the Balance Sheet, and their related expenses are not reflected in the operating statements; *government-wide* financial statements *include* noncurrent assets and liabilities and their related expenses. For the **Judicial Expense Fund** at the *fund level*, the full purchase price of capital assets, net of retirements (\$508,683 in 2006 and \$556,713 in 2005) has been recorded as *expenditures* on the operating statement in the year of purchase, since available financial resources have been decreased (cash has been spent to purchase the asset). In contrast, since the *government-wide* statements focus on *total* economic resources, capital assets are shown as noncurrent assets on the Statement of Net Assets (with their related accumulated depreciation), and a portion of their purchase price has been allocated as depreciation expense on the Statement of Activities, as is the practice in private-sector enterprises. On the liability side, the fund Balance Sheet excludes noncurrent liabilities (\$50,719 in 2006 and \$48,026 in 2005), but the government-wide Statement of Net Assets includes these liabilities, as they will be paid sometime in the future and thus affect *total* economic resources, although not *current* financial resources.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

The second difference between fund and government-wide financial statements is the basis of accounting, or the timing of the recognition of transactions and events. *Fund* statements use the *modified accrual* basis of accounting, which recognizes revenues when they are earned, only so long as they are collectible within the fiscal period, and expenditures when they are due (hence the elimination of long-term liabilities from the Balance Sheet). The government-wide financial statements use the *full accrual* basis of accounting: revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the receipt or disbursement. In layman's terms, fund financial statements focus on the current fiscal year, and the resources that are available and spendable, and government-wide statements focus on the overall economic position, both short and long term. Chart 1 summarizes these differences.

CHART 1:

Overview of Difference in Fund and Government-Wide Financial Statements

	<u>Fund</u>	<u>Government-Wide</u>
Statement of Position	Balance Sheet	Statement of Net Assets
Statement of Operations	Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Activities
Measurement focus	Current financial resources	Total economic resources
Basis of accounting	Modified accrual	Accrual

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

CHART 1:

Overview of Difference in Fund and Government-Wide Financial Statements

	<u>Fund</u>	<u>Government-Wide</u>
Capital Assets	Full purchase price is expensed in the year of purchase in the operating statement; not recorded on the Balance Sheet	Full purchase price is recorded as a capital asset on the Statement of Net Assets; depreciation expense for the current fiscal year is recorded on the Statement of Activities; total accumulated depreciation expense is shown on the Statement of Net Assets
Noncurrent liabilities	Not shown on the Balance Sheet; the related expenditure is not recorded in the operating statement until the expenditure has occurred	Shown on the Statement of Net Assets; the related expense is recorded in the Statement of Activities
Depreciation expense	Not recorded	Recorded in the Statement of Activities
Accumulated depreciation	Not recorded	Shown on the Statement of Net Assets

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

The presentation of the two sets of financial statements is also different. On the fund level, the Balance Sheet shows Assets, Liabilities, and *Fund Balance*, with a reconciliation to the net assets figure which appears at the bottom of the government-wide Statement of Net Assets. All assets and liabilities on the Balance Sheet are current. The government-wide Statement of Net Assets shows Assets and Liabilities, separated into current and noncurrent, and *Net Assets* (the difference between the two). All of the **Judicial Expense Fund's** net assets are unrestricted, although some have been internally designated for capital projects, as explained in detail in NOTE 7.

A significant difference lies in the presentation of the operating statement. The fund Statement of Revenues, Expenditures, and Fund Balance lists revenues followed by the detailed list of expenditures (separated into direct and indirect) and ends with the *fund balance reconciliation*. This familiar statement answers the question, "Did this year's operations increase or decrease fund balance?" (available financial resources). The L-shaped government-wide Statement of Activities, which is read across then down, answers the question "How much did it cost to provide this service?" so it begins with the expenses of each function, followed by *program revenues* (the specific revenues provided by users of the services), to derive at net program revenue (the difference between program revenues and expenses). Reading down the net column, general revenues are added to calculate the change in net assets, which is reconciled to net assets at the end of the year. The five functions of the **Judicial Expense Fund** are (1) the fourteen divisions of Civil District Court; (2) three sections of First City Court; (3) Second City Court; (4) the Office of the Recorder of Mortgages; and (5) the Office of the Register of Conveyances. General and administrative costs are allocated to the five functions based on that function's percent of total revenues derived from filing fees.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

How 2006 Compares with 2005 - Statement of Net Assets

Chart 2 provides condensed information from the Statement of Net Assets for 2006 and 2005.

**CHART 2:
Statement of Net Assets Comparative Data**

	<u>2006</u>	<u>2005</u>	<u>Variance Increase (Decrease) Amounts</u>	<u>Variance Increase (Decrease) Percent (%)</u>
Capital assets, net	\$1,137,537	\$1,087,616	\$ 49,921	4.6
Other assets	<u>8,490,234</u>	<u>8,115,831</u>	<u>374,403</u>	4.6
Total assets	<u>9,627,771</u>	<u>9,203,447</u>	<u>424,324</u>	4.6
Noncurrent liabilities	2,615,823	1,758,096	857,727	48.8
Other liabilities	<u>1,810,515</u>	<u>1,299,834</u>	<u>510,681</u>	39.3
Total liabilities	<u>4,426,338</u>	<u>3,057,930</u>	<u>1,368,408</u>	44.7
Total net assets	<u>\$5,201,433</u>	<u>\$6,145,517</u>	<u>\$(944,084)</u>	(15.4)

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Capital assets increased from 2005 to 2006 because purchases net of depreciation expense was greater in 2006 by \$49,252. The conversion from the **obsolete 1987 WANG mainframe computer** system to an Internet-based custom-written software application which operates on Windows 2000 Dell servers, allowing for faster file retrieval times and data expansion as court filings increase began in 2001. The conversion project was to be completed at the end of 2005 but was delayed due to Hurricane Katrina. Notes 1 and 4 include details on all of the **Judicial Expense Fund's** capital assets.

The main components of Other Assets are Cash and Accounts Receivable. **Cash** increased by \$690,141, primarily due to, higher interest income and reduction in Accounts Receivable. **Current Liabilities** increased significantly due to implementing Governmental Accounting Standards Board (GASB) Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in 2004, which led to posting the annual required contribution for postemployment benefits of \$855,035. GASB Statement Number 45 is described in greater detail in NOTE 11. The liability at December 31, 2006 and 2005 has been classified as a non-current obligation. The reclassification results from the unfunded status of the benefit pending the establishment of a trust.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

How 2006 compares with 2005 - Statement of Activities

Chart 3 below gives comparative data from the Statement of Activities for the fiscal years ended December 31, 2006 and 2005:

**CHART 3:
Statement of Activities Comparative Data**

	<u>2006</u>	<u>2005</u>	<u>Variance Increase (Decrease) Amounts</u>	<u>Variance Increase (Decrease) Percent (%)</u>
Program revenues	\$ 13,679,275	\$13,113,732	\$ 565,543	4.3
General revenues	<u>1,052,322</u>	<u>1,483,514</u>	<u>(431,192)</u>	(29.1)
Total revenues	<u>14,731,597</u>	<u>14,597,246</u>	<u>134,351</u>	0.9
Expenses:				
Civil District Court	\$9,866,944	\$ 9,505,275	361,669	3.8
First City Court	2,001,215	2,469,347	(468,132)	(19.0)
Second City Court	430,493	521,280	(90,787)	(17.4)
Recorder of Mortgages	2,080,727	2,315,742	(235,015)	(10.1)
Register of Conveyances	<u>1,296,302</u>	<u>1,898,031</u>	<u>(601,729)</u>	(31.7)
Total expenses	<u>15,675,681</u>	<u>16,709,675</u>	<u>(1,033,994)</u>	(6.2)
Change in net assets	(944,084)	(2,112,429)	(1,168,344)	(55.3)
Beginning net assets	<u>6,145,517</u>	<u>8,257,946</u>	<u>(2,112,429)</u>	(25.6)
Ending net assets	<u>\$ 5,201,433</u>	<u>\$ 6,145,517</u>	<u>\$(1,168,344)</u>	(19.0)

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Program revenues were higher in 2006 than 2005 because operations are beginning to return to a more normal state after Hurricane Katrina. The hurricane on August 29, 2005 resulted in the closing of the office of the courts for more than a full month with filing fees increasing gradually as the population of the city has returned.

The largest component of general revenues is **Interest Income**, which increased by 29.5% from 2005 to 2006 due to slow rising interest rates. In 2005, the largest component of general revenues was insurance proceeds and grants from FEMA as a result of the disaster.

For the year ended December 31, 2005, overall operating expenses decreased primarily due to the temporary layoff of employees as a result of Hurricane Katrina. In 2006 the largest increase in expenses was due to Act 621 and the distributions to the Clerk's Salary Fund.

Facilities costs of recent years have increased due to activity associated with the New Orleans Justice Center, the name of the proposed new court house building. Prior to Hurricane Katrina \$255,829 was spent on planning for this building project, the portion for 2005 was \$74,510. In 2006 no additional money was spent.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Budgetary Comparison

Chart 4 below shows the amounts for the original budget, final budget, and actual results for 2006 and 2005.

**CHART 4:
2006 and 2005 Budgetary Comparison Data**

	<u>2006</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$17,795,942	\$13,713,240	\$14,731,597
Other financing sources (uses):			
Fund balance	<u>1,600,000</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>19,395,942</u>	<u>13,713,240</u>	<u>14,731,597</u>
Operating expenditures	18,581,469	12,739,924	14,359,193
Capital expenditures	<u>810,000</u>	<u>-0-</u>	<u>508,683</u>
Total expenditures	<u>19,391,469</u>	<u>12,739,924</u>	<u>14,867,876</u>
Change in fund balance	\$ <u>4,473</u>	\$ <u>973,316</u>	\$ <u>(136,279)</u>
	<u>2005</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ <u>18,106,369</u>	\$ <u>18,106,369</u>	\$ <u>14,597,247</u>
Total revenues	<u>18,106,369</u>	<u>18,106,369</u>	<u>14,597,247</u>
Operating expenditures	<u>19,984,919</u>	<u>19,984,919</u>	<u>16,053,217</u>
Total expenditures	<u>19,984,919</u>	<u>19,984,919</u>	<u>16,053,217</u>
Change in fund balance	\$ <u>(1,878,550)</u>	\$ <u>(1,878,550)</u>	\$ <u>(1,455,970)</u>

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Because of the impact of Katrina as previously described, no budget amendment was adopted for the 2005 budget year. The original 2006 budget was amended once to adjust for the expected effects of Hurricane Katrina. At the time of the amendment, the effect of Act 621 was not anticipated.

Actual results for 2006 were in line with the budget except for capital expenditures and Clerk's Salary Fund expense. These costs resulted in a deficit of \$944, 084.

Actual results did not meet the final budget for 2005. We budgeted \$18.1 million for revenues, but only realized 14.6 million. Expenses were \$16 million, which resulted in a deficit. This was due largely to the impact of Hurricane Katrina.

The City of New Orleans was devastated by Hurricane Katrina on August 29, 2005. As a result, the **Judicial Expense Fund's** operations were suspended for the entire month of September 2005. The Judicial Expense Fund resumed operations in October 2005 in satellite locations in Ascension, East Baton Rouge, Orleans and St. Tammany parishes. In an effort to reduce expenses, the Judicial Expense Fund laid off two-thirds (2/3) of its workforce at the end of October 2005. Hurricane Katrina caused a 29% decline in revenues.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF NET ASSETS
DECEMBER 31, 2006 and 2005

ASSETS

GOVERNMENTAL ACTIVITIES

	<u>2006</u>	<u>2005</u>
Current Assets:		
Cash and temporary cash investments (NOTE 2)	\$7,366,322	\$6,676,181
Accounts receivable	418,756	951,235
Interest receivable (NOTE 6)	615,772	408,523
Prepaid items	<u>89,384</u>	<u>79,892</u>
Total current assets	<u>8,490,234</u>	<u>8,115,831</u>
Noncurrent Assets:		
Capital assets, net of accumulated depreciation (NOTE 4)	<u>1,137,537</u>	<u>1,087,616</u>
Total noncurrent assets	<u>1,137,537</u>	<u>1,087,616</u>
Total assets	<u>9,627,771</u>	<u>9,203,447</u>

LIABILITIES

Current Liabilities:		
Accounts payable and accrued expenses	1,346,658	1,051,589
Supreme Court funds payable	34,687	22,843
Accrued salaries and benefits payable	308,254	225,402
Clerk of Civil District Court operational fund payable (NOTE 14)	<u>120,916</u>	<u>-0-</u>
Total current liabilities	<u>1,810,515</u>	<u>1,299,834</u>
Noncurrent liabilities:		
Compensated absences payable (NOTE 12)	50,449	41,082
Other liabilities (NOTE 12)	269	6,944
Unfunded post employment benefits (NOTE 11)	<u>2,565,105</u>	<u>1,710,070</u>
Total noncurrent liabilities	<u>2,615,823</u>	<u>1,758,096</u>
Total liabilities	<u>4,426,338</u>	<u>3,057,930</u>

NET ASSETS

Invested in capital assets (NOTE 4)	1,137,537	1,087,616
Unrestricted (NOTE 7)	<u>4,063,896</u>	<u>5,057,901</u>
Total net assets	<u>\$5,201,433</u>	<u>\$6,145,517</u>

The accompanying notes are an integral part of the financial statements.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Functions	GOVERNMENTAL ACTIVITIES					
	2006			2005		
	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets	Program Revenues	
		Charges for Services	Operating Grants	Expenses	Charges for Services	Operating Grants
Civil District Court	\$ 9,866,944	\$7,855,957	\$80,244	\$9,505,275	\$6,894,879	\$130,663
First City Court	2,001,215	975,486	-0-	2,469,347	1,627,451	14,652
Second City Court	430,493	119,734	-0-	521,280	169,181	-0-
Recorder of Mortgages	2,080,727	3,045,910	196,833	2,315,742	2,989,505	21,540
Register of Conveyances	1,296,302	1,279,272	125,838	1,898,031	1,244,321	21,540
Total	\$ 15,675,681	\$13,276,359	\$402,915	\$16,709,675	\$12,925,337	\$188,395
General Revenues:						
Interest income				\$ 959,191		676,073
Other income				93,132		807,441
Total general revenues				1,052,323		1,483,514
Change in net assets				(944,084)		(2,112,429)
Net assets, beginning of the year				6,145,517		8,257,946
Net assets, end of the year				\$ 5,201,433		\$6,145,517

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
BALANCE SHEET- GOVERNMENTAL FUND
DECEMBER 31, 2006 and 2005**

ASSETS

	<u>2006</u>	<u>2005</u>
Cash and temporary cash investments	\$7,366,322	\$6,676,181
Accounts receivable	418,756	951,235
Interest receivable	615,772	408,523
Prepaid items	<u>89,384</u>	<u>79,892</u>
Total assets	<u>\$8,490,234</u>	<u>\$8,115,831</u>

LIABILITIES

Accounts payable	\$1,346,658	\$1,051,589
Supreme Court funds payable	34,687	22,843
Salaries and benefits payable	308,254	225,402
Clerk of Civil District Court Operational Fund payable	<u>120,916</u>	<u>-0-</u>
Total liabilities	<u>1,810,515</u>	<u>1,299,834</u>

FUND BALANCE

Unreserved fund balance designated for subsequent years' special projects	6,679,719	6,717,323
Unreserved	<u>-0-</u>	<u>98,675</u>
Total fund balance	6,679,719	6,815,998

Amounts reported for governmental activities
in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund at the fund level.	1,137,537	1,087,616
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund at the fund level.	<u>(2,615,823)</u>	<u>(1,758,097)</u>
Net assets	<u>\$5,201,433</u>	<u>\$ 6,145,517</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
REVENUES		
Filing fees	\$13,149,060	\$12,841,037
Interest income	959,190	676,073
Remote access fees	127,300	84,300
Grants	402,915	188,396
Other income	<u>93,132</u>	<u>807,441</u>
Total revenues	<u>14,731,597</u>	<u>14,597,247</u>
EXPENDITURES		
Direct:		
Salaries	7,515,582	9,389,802
Employee benefits	2,536,973	3,327,093
Court stenographer and interpreter fees	27,303	23,708
Juror meals and transportation	34,162	48,938
UCC filing fees	<u>37,100</u>	<u>40,119</u>
Total direct expenditures	<u>10,151,120</u>	<u>12,829,660</u>
Indirect:		
Clerk of Civil District Court Operational Fund	1,526,784	-0-
Books, printing and copying	290,921	291,202
Building and personnel security	121,327	124,688
Furniture, equipment and maintenance	206,403	216,952
Facilities	469,828	335,658
Insurance	115,027	112,973
Office supplies and expenditures	206,709	167,840
Postage and courier	55,566	71,013
Professional services	230,801	149,406
Communication	243,307	193,045
Other expenditures	<u>652,340</u>	<u>872,035</u>
Page total	<u>4,119,013</u>	<u>2,534,812</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
EXPENDITURES, CONTINUED		
Indirect:		
Professional education and dues	\$ 89,060	\$ 132,032
Capital expenditures	<u>508,683</u>	<u>556,713</u>
Total indirect expenditures	<u>4,716,756</u>	<u>3,223,557</u>
Total expenditures	<u>14,867,876</u>	<u>16,053,217</u>
Change in fund balance	(136,279)	(1,455,970)
Fund balance, beginning of the year	<u>6,815,998</u>	<u>8,271,968</u>
Fund balance, end of year	<u>\$ 6,679,719</u>	<u>\$6,815,998</u>

The accompanying notes are an integral part of the financial statements.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Net change in fund balance	\$ (136,279)	\$(1,455,970)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, net of retirements exceed accumulated depreciation in the current period.	49,252	180,137
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.	(2,022)	1,165
Postemployment benefits not funded in the current year do not require the use of current financial resources and therefore not reported as expenditures in the governmental fund.	<u>(855,035)</u>	<u>(837,761)</u>
Change in net assets	\$ <u>(944,084)</u>	\$ <u>(2,112,429)</u>

The accompanying notes are an integral part of the financial statements.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2006

	CLERK OF THE SECOND CITY COURT OF THE CITY OF NEW ORLEANS		CLERK OF THE FIRST CITY COURT OF THE CITY OF NEW ORLEANS	
	REGISTRY OF COURT FUND	GARNISHMENT DEPOSIT FUND	REGISTRY OF COURT FUND	GARNISHMENT DEPOSIT FUND
Assets:				
Cash	\$ 37,305	\$ 31,680	\$ 266,847	\$ 414,891
Due from Registry of Court Fund	<u>-0-</u>	<u>450</u>	<u>-0-</u>	<u>-0-</u>
Total assets	<u>37,305</u>	<u>32,130</u>	<u>266,847</u>	<u>414,891</u>
Liabilities and Net Assets:				
Liabilities:				
Due to Judicial Expense Fund	9,663	-0-	-0-	-0-
Due to Garnishment Deposit Fund	450	-0-	-0-	-0-
Due to Capital Improvement Fund	210	980	-0-	-0-
Unsettled deposits	27,382	31,150	-0-	-0-
Due to litigants	-0-	-0-	253,479	290,680
Undistributed interest	<u>-0-</u>	<u>-0-</u>	<u>13,368</u>	<u>124,211</u>
Total liabilities	<u>37,705</u>	<u>32,130</u>	<u>266,847</u>	<u>414,891</u>
Net assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2005**

	CLERK OF THE SECOND CITY COURT OF THE CITY OF NEW ORLEANS		CLERK OF THE FIRST CITY COURT OF THE CITY OF NEW ORLEANS	
	REGISTRY OF COURT FUND	GARNISHMENT DEPOSIT FUND	REGISTRY OF COURT FUND	GARNISHMENT DEPOSIT FUND
Assets:				
Cash	\$ 37,710	\$ 31,175	\$ 279,340	\$ 409,686
Due from Registry of Court Fund	<u>-0-</u>	<u>375</u>	<u>-0-</u>	<u>-0-</u>
Total assets	\$ 37,710	\$ 31,550	279,340	409,686
Liabilities and Net Assets:				
Liabilities:				
Due to Judicial Expense Fund	\$ 12,790	\$ -0-	\$ -0-	\$ -0-
Due to Garnishment Deposit Fund	375	-0-	-0-	-0-
Due to Capital Improvement Fund	109	900	-0-	-0-
Unsettled deposits	24,436	30,650	-0-	-0-
Due to litigants	-0-	-0-	265,915	285,390
Undistributed interest	<u>-0-</u>	<u>-0-</u>	<u>13,425</u>	<u>124,296</u>
Total liabilities	37,710	31,550	\$ 279,340	\$ 409,686
Net assets	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

The accompanying notes are an integral part of the financial statements.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2005

CLERK OF CIVIL DISTRICT CITY COURT
FOR THE PARISH OF ORLEANS

<u>REGISTRY/ GARNISHMENT FUND</u>	<u>APPEALS FUND</u>
---	-------------------------

Assets:	
Cash	\$ <u>738,541</u>
Total assets	\$ <u>738,541</u>

Liabilities and Net Assets:

Liabilities:	
Deposits by litigants and interest credited	\$ 738,541
Due to Judicial Expense Fund	<u>-0-</u>
Total liabilities	<u>738,541</u>

Net assets (deficit):	
Pending litigation	-0-
Undistributed funds	<u>-0-</u>
Net assets (deficit):	\$ <u>-0-</u>

The accompanying notes are an integral part of the financial statements.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF FIDUCIARY LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	CLERK OF THE SECOND CITY COURT OF THE CITY OF NEW ORLEANS	CLERK OF THE FIRST CITY COURT OF THE CITY OF NEW ORLEANS
	REGISTRY OF COURT FUND	REGISTRY OF COURT FUND
	DEPOSIT FUND	DEPOSIT FUND
	\$ 37,710	\$ 265,915
Liabilities at Beginning of Year		\$ 285,390
Additions		
Court Costs, charges and fees collected	167,370	-0-
Less: Court costs, charges and fees refunded	(2,589)	-0-
Constable and transcript fees collected	759	-0-
Garnishment Deposits	585	-0-
Interest earnings	210	2,955
Collections on behalf of litigants or upon court order	7,268	43,582
Total additions	173,603	45,628
		9,340
Reductions		
Fees, court costs, charges and interest earnings distributed to Judicial Expense Fund	170,420	-0-
Constable and transcript fees paid	759	-0-
Garnishment Deposits distributed to the Garnishment Deposit Fund	510	-0-
Payments to litigations or per court order	1,811	56,017
Interest earnings distributed to the Capital Improvements Fund	-0-	-0-
Garnishment deposits, distributions to respondents and refunds	-0-	-0-
Bank Charges	-0-	79
Transfers to Capital Improvement Fund	108	3,086
Total reductions	173,608	4,050
Liabilities at the end of the year	\$ 37,705	\$290,680

The accompanying notes are an integral part of the financial statements.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF FIDUCIARY LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	CLERK OF THE SECOND CITY COURT OF THE CITY OF NEW ORLEANS		CLERK OF THE FIRST CITY COURT OF THE CITY OF NEW ORLEANS	
	REGISTRY OF COURT FUND	GARNISHMENT DEPOSIT FUND	REGISTRY OF COURT FUND	GARNISHMENT DEPOSIT FUND
	\$ 29,994	\$ 30,074	\$ 253,770	\$ 270,338
Liabilities at Beginning of Year				
Additions				
Court Costs, charges and fees collected	215,363	-0-	-0-	-0-
Less: Court costs, charges and fees refunded	(1,092)	-0-	-0-	-0-
Constable and transcript fees collected	4,849	-0-	-0-	-0-
Garnishment Deposits	1,545	1,575	-0-	-0-
Interest earnings	109	900	2,180	3,039
Collections on behalf of litigants or upon court order	<u>15,855</u>	<u>-0-</u>	<u>149,444</u>	<u>23,636</u>
Total additions	236,629	2,475	151,624	26,675
Reductions				
Fees, court costs, charges and interest earnings distributed to Judicial Expense Fund	218,553	-0-	-0-	-0-
Constable and transcript fees paid	4,849	-0-	-0-	-0-
Garnishment Deposits distributed to the Garnishment Deposit Fund	1,800	-0-	-0-	-0-
Payments to litigations or per court order	3,635	-0-	137,292	8,520
Interest earnings distributed to the Capital Improvements Fund	-0-	260	-0-	-0-
Garnishment deposits, distributions to respondents and refunds	-0-	739	-0-	-0-
Bank Charges	-0-	-0-	26	64
Transfers to Capital Improvement Fund	<u>76</u>	<u>-0-</u>	<u>2,161</u>	<u>3,039</u>
Total reductions	228,913	999	139,479	11,623
Liabilities at the end of the year	\$ 37,710	\$ 31,550	\$ 265,915	\$ 285,390

The accompanying notes are an integral part of the financial statements.

JUDICIAL EXPENSE FUND FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF FIDUCIARY LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

CLERK OF CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

<u>REGISTRY/ GARNISHMENT FUNDS</u>	<u>APPEAL FUND</u>
<u>\$ (375,774)</u>	<u>\$ -0-</u>

Liabilities at Beginning of Year

Additions

Court Costs, charges and fees collected	-0-
Less: Court costs, charges and fees refunded	-0-
Constable and transcript fees collected	-0-
Garnishment Deposits	-0-
Interest earnings	817,046
Collections on behalf of litigants or upon court order	<u>-0-</u>

Total additions

817,046

Reductions

Fees, court costs, charges and interest earnings distributed to Judicial Expense Fund	-0-
Constable and transcript fees paid	-0-
Garnishment Deposits distributed to the Garnishment Deposit Fund	-0-
Payments to litigations or per court order	-0-
Interest earnings distributed to the Capital Improvements Fund	-0-
Garnishment deposits, distributions to respondents and refunds	-0-
Bank Charges	-0-
Transfers to Capital Improvement Fund	-0-
Transfers to Registry Fund	<u>408,523</u>

Total reductions

817,046

Liabilities at the end of the year

\$ 375,774

\$ -0-

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS**

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**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS**

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**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Summary of Significant Accounting Policies :

Background

The **Judicial Expense Fund for the Civil District Court for the Parish of Orleans (the Judicial Expense Fund)** is designated by LSA-R.S. 13:1312 as the managing entity for fiscal operations of the Clerks of the Civil District Court for the Parish of Orleans, the First and Second City Courts of the City of New Orleans, and the offices of the Recorder of Mortgages and the Register of Conveyances for the City of New Orleans.

The judges of the Civil District Court for the Parish of Orleans and the judges of the First and Second City Courts of the City of New Orleans, sitting *En Banc* as set forth in LSA-R.S. 13:1312, have sole responsibility and oversight for the **Judicial Expense Fund**. This responsibility and oversight includes control over all revenues deposited into the **Judicial Expense Fund** by the aforementioned courts and offices, all disbursements made by the **Judicial Expense Fund**, the setting of all fees charged by the courts and offices comprising the **Judicial Expense Fund**, and the determination of expenses related to the operations of such courts and offices.

The accounting policies of the **Judicial Expense Fund** conform to accounting principles generally accepted in the United States of America as applicable to governmental agencies. The following is a summary of the more significant accounting policies:

The Financial Reporting Entity

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, (GASB 14) established standards for defining and reporting on the financial entity. GASB 14 indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies , Continued:

The Financial Reporting Entity, Continued

be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

As previously discussed, state statute established the **Judicial Expense Fund** as the managing entity for fiscal operations of the Clerks of the Civil District Court for the Parish of Orleans, the First and Second City Courts of the City of New Orleans, and the Recorder of Mortgages and the Register of Conveyances for the City of New Orleans which are separate and independent of any other governmental "reporting entity" as defined by GASB 14. In addition, the **Judicial Expense Fund** is financially independent of other governments. Although the **Judicial Expense Fund** conducts its business from a building provided by the City of New Orleans as discussed in NOTE 4, this support is considered incidental in relation to the **Judicial Expense Fund's** total revenues and expenditures and in view of the additions and improvements made to this building by the **Judicial Expense Fund** from its operating revenues over the term of its occupancy which total in excess of \$3,180,229 for 2006 and \$3,103,753 for 2005.

Accordingly, management has concluded that the **Judicial Expense Fund** is the financial reporting entity within the meaning of the provisions of GASB 14.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all activities of the **Judicial Expense Fund**. The **Judicial Expense Fund** is considered to be a governmental activity of a special purpose government.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies , Continued:

Government-Wide and Fund Financial Statements, Continued

The Judicial Expense Fund's Statement of Activities demonstrates the degree to which the expenses of a given function are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect costs are included in expenses reported by function. Program revenues include filing and remote access fees and operating grants.

Separate financial statements are provided for **the Judicial Expense Fund's** governmental fund. **The Judicial Expense Fund's** government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, **the Judicial Expense Fund** considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Judicial Expense Fund reports its governmental fund as follows:

General Fund

The General Fund is used to account for all financial resources of **the Judicial Expense Fund**.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies , Continued:

General Fund, Continued

The operations of the General Fund are comprised of the General Fund's assets, liabilities, fund balance, revenues and expenditures, as related to the fiscal operations of the Clerks of the Civil District Court, First City Court, Second City Court, and the offices of the Recorder of Mortgages and the Register of Conveyances.

Salaries of the judges of the Civil District Court, which are paid directly by the Supreme Court of Louisiana, are not included in the financial statements presented herein since such salaries are earned by the respective judges for serving in their capacities as state judges and not for compensation in their roles as management of the **Judicial Expense Fund**.

The judges receive no compensation for serving in their capacity as Judges *En Banc* of the **Judicial Expense Fund for the Parish of Orleans**.

Additionally, the **Judicial Expense Fund** has no authority in the determination of these salary amounts or the duties of these individuals in their capacities as state judges. For the same reasons, certain expenditures incurred by these judges and paid directly by the Supreme Court of Louisiana are likewise excluded from these financial statements. Also, salaries of the judges of the First and Second City Courts are paid jointly by the Supreme Court of Louisiana and the **Judicial Expense Fund** (pursuant to LSA-R.S. 13:2152). For the years ended December 31, 2006, and 2005, the **Judicial Expense Fund** paid \$74,345 and \$72,267, respectively for each of the four (4) city court judges for a total of \$297,379 and \$289,068, respectively in salaries to these judges.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies , Continued:

Capital Assets

The Judicial Expense Fund's capitalization policy requires that all single assets costing \$1,500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$1,500 are expensed. All assets regardless of cost, are tracked. The straight-line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the quarter in which the capital asset is purchased. Leasehold improvements are amortized over the lesser of their useful lives or lease period. Based on its own experience, the Judicial Expense Fund established the following estimated useful lives for each asset class:

<u>Asset Class</u>	<u>Estimated Useful Lives in Years</u>
Computer Equipment	5
Computer Software	5
Office Equipment	5
Furniture and Fixtures	10
Leasehold Improvements	3

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies , Continued:

Budgets and Budgetary Accounting

The Judges *En Banc* at a public meeting on December 19, 2006, adopted a budget for the fiscal year ending December 31, 2007. Furthermore, the Judges *En Banc* held a meeting to amend the previously adopted budget for the fiscal year ended December 31, 2006.

Compensated Absences

Employees who work in the offices of the Clerk of First City Court and the Register of Conveyances are permitted to accumulate a limited amount of earned but unused leave (annual vacation and sick leave). The unused leave may be carried forward from year to year and is payable upon separation from service. Accrued leave earned but unused by those employees at December 31, 2006 and 2005, respectively, has been included in the accompanying financial statements.

Professional Education and Dues

It is the **Judicial Expense Fund's** policy to limit expenses by each division of the Court for additional operating expenses. Such expenses may be made at the discretion of each presiding divisional judge in accordance with specific guidelines established by the **Judicial Expense Fund** as to the purpose for which these expenses may be used and only for such expenses supported by proper documentation.

The specific guidelines established by the **Judicial Expense Fund** permit use of such amounts for expenses directly associated with or incidental to legal or judicial matters and functions. These expenses are included in the General Fund of the accompanying financial statements of the **Judicial Expense Fund**.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Governmental Accounting Standards Board (GASB) Numbers 25 and 27

In November, 1994 the GASB issued Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. As such, the Judicial Expense Fund's financial statements reflect the disclosure requirements of GASB Numbers 25 and 27.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Cash and Temporary Cash Investments:

Cash and temporary cash investments include amounts in demand deposit accounts as well as short-term cash investments with maturities of three months or less.

At December 31, 2006, and 2005, the carrying amounts of the **Judicial Expense Fund's** deposits were \$7,366,322 and \$6,676,181, respectively and the bank balances were \$7,540,690, and \$6,912,511, respectively. Of these amounts, \$100,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities in the joint name of the **Judicial Expense Fund** and the financial institution and held in safekeeping by the Federal Reserve Bank of Boston.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, the **Judicial Expense Fund's** deposits may not be returned to it. **The Judicial Expense Fund** has no deposit policy for custodial credit risk; however, none of the **Judicial Expense Fund's** bank balances were exposed to custodial credit risk, since the pledged securities were in the joint name of the **Judicial Expense Fund** and the financial institution and were held in safekeeping by the Federal Reserve Bank of Boston.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana, or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the entity or with an unaffiliated bank or trust company for the account of the entity.

Deposits in excess of FDIC insurance were collateralized by the securities previously described.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Pension Plans:

Plan Description

The Judicial Expense Fund does not maintain a separate pension plan for its employees. However, its employees are eligible to participate in various multiple-employer (cost-sharing) defined benefit plans provided by the state or city governments and substantially all of the Judicial Expense Fund's employees are covered by one of the available plans.

The respective plan benefits provisions are established and amended under the following statutes:

<u>Plan</u>	<u>Louisiana Revised Statute</u>
Louisiana State Employees' Retirement System-Employees	11:401-542
Louisiana State Employees' Retirement - Judges	11:401-571
Louisiana Clerks' of Court Retirement and Relief Fund	11:1501-1578
Louisiana Sheriff's Pension and Relief Fund	11:2171-2184
Employees' Retirement System of the City of New Orleans	City of New Orleans Code Chapter 114

Generally, eligibility to participate in one of the plans commences with full-time permanent employment and, in some instances, is subject to certain age and earning requirements.

Vesting of full benefits is subject to various years of required service, generally ranging from twelve to thirty years and, in some instances, may require attainment of a minimum age.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Pension Plans, Continued:

Annual retirement benefits under the plans are generally stipulated as a percentage of a participant's defined annual compensation for each year of service. In certain instances, the resulting amount may be increased by a fixed amount. In most cases, annual retirement benefits may not exceed 100% of the participant's defined annual compensation. The plans issue publicly available reports that include financial statements and required supplementary information. The reports may be obtained via contact as follows:

Louisiana State Employees' Retirement System

8401 United Plaza Blvd.
Baton Rouge, LA 70804-4213
Telephone: (800) 256-3000
Fax: (225) 922-0614
Website: lasers.state.la.us

Louisiana Clerks' of Court Retirement and Relief Fund

11745 Bricksome Avenue -- Suite B-1
Baton Rouge, LA 70816
Telephone: (800) 256-6660
Fax: (225) 291-7424
Website: laclerksofcourt.org

Louisiana Sheriffs' Pension and Relief Fund

1225 Nicholson Drive
Baton Rouge, LA 70802-7537
Telephone: (225) 219-0500
Fax: (225) 219-0521
Website: www.lsprf.com

City of New Orleans

Employees' Retirement System
1300 Perdido Street -- Room 1E12
New Orleans, LA 70112
Telephone: (504) 658-1850
Fax: (504) 658-1602

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Pension Plans, Continued:

Funding Policy

Under the terms of the various plans, employees contribute a specified percentage of their gross earnings and the **Judicial Expense Fund** also contributes a specified percentage.

Those plans in which the employees of the **Judicial Expense Fund** participate and the specified contribution percentages at December 31, 2006 and 2005 are as follows:

<hr style="border-top: 1px dashed black;"/> 2006 <hr style="border-top: 1px dashed black;"/>			
	<u>Period</u>	<u>Employee</u> (%)	<u>Employer</u> (%)
Louisiana State Employees' Retirement System (LASERS)-Employees	01/01-06/30	7.50	19.10
	07/01-12/31	7.50	19.10
employees hired after 7/1/06	07/01-12/31	8.00	19.10
Louisiana State Employees' Retirement System (LASERS) - Judges	01/01-06/30	11.50	19.10
	07/01-12/31	11.50	19.10
Louisiana Clerks' Retirement and Relief Fund (LCRRF)	01/01-06/30	8.25	15.75
	07/01-12/31	8.25	16.75
Louisiana Sheriffs' Pension and Relief Fund (LSPRF)	01/01-06/30	9.70	10.75
	07/01-09/30	9.80	11.00
Employees' Retirement System of the City of New Orleans (ERSCNO)	01/01-12/31	4.00	9.250

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Pension Plans, Continued:

Funding Policy, Continued

-----2005-----			
	<u>Period</u>	<u>Contribution Percentages</u> <u>Employee</u>	<u>Employer</u>
		(%)	(%)
Louisiana State Employees' Retirement System (LASERS)-Employees	01/01-06/30 07/01-12/31	7.50 7.50	17.80 19.10
Louisiana State Employees' Retirement System (LASERS) - Judges	01/01-06/30 07/01-12/31	11.50 11.50	17.80 19.10
Louisiana Clerks' Retirement and Relief Fund (LCRRF)	01/01-06/30 07/01-12/31	8.25 8.25	14.50 15.75
Louisiana Sheriffs' Pension and Relief Fund (LSPRF)	01/01-06/30 07/01-09/30	10.00 10.00	9.25 10.75
Employees' Retirement System of the City of New Orleans (ERSCNO)	01/01-12/31	4.00	8.172

The amounts of the most recently actuarially determined employer contribution as a percentage of covered compensation for each plan for the years ended 2006 and 2005 amounted to:

	<u>2006</u>	<u>2005</u>
	(%)	(%)
LASERS	19.10	19.10
Clerks	16.75	15.75
Sheriffs	11.00	10.75
ERSCNO	9.25	9.25

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Pension Plans, Continued:

Funding Policy, Continued

Benefits granted by the retirement systems are guaranteed by the State of Louisiana or the City of New Orleans, as applicable. **The Judicial Expense Fund** does not guarantee the benefits granted by the retirement systems.

The total payroll of the **Judicial Expense Fund** for 2006 and 2005 amounted to \$7,471,994 and \$9,389,802, respectively. **The Judicial Expense Fund's** contributions to the retirement system and the total covered payrolls by each retirement system by year are as follows:

	-----2006-----				
	<u>LASERS</u>	<u>Clerks</u>	<u>Sheriffs</u>	<u>ERSCNO</u>	<u>Total</u>
Total covered payroll	\$ <u>1,399,972</u>	\$ <u>3,262,823</u>	\$ <u>501,748</u>	\$ <u>961,624</u>	\$ <u>6,126,167</u>
Employer contribution	\$ <u>264,810</u>	\$ <u>530,814</u>	\$ <u>54,741</u>	\$ <u>88,996</u>	\$ <u>939,361</u>
Aggregate pension cost	\$ <u>381,889</u>	\$ <u>785,900</u>	\$ <u>104,806</u>	\$ <u>127,481</u>	\$ <u>1,400,076</u>

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Pension Plans, Continued:

	<u>-----2005-----</u>				
	<u>LASERS</u>	<u>Clerks</u>	<u>Sheriffs</u>	<u>ERSCNO</u>	<u>Total</u>
Total covered payroll	<u>\$1,845,215</u>	<u>\$4,235,997</u>	<u>\$664,710</u>	<u>\$1,546,248</u>	<u>\$8,292,170</u>
Employer contribution	<u>\$ 339,422</u>	<u>\$ 638,809</u>	<u>\$ 67,905</u>	<u>\$ 126,359</u>	<u>\$ 1,172,495</u>
Aggregate pension cost	<u>\$ 489,759</u>	<u>\$ 975,962</u>	<u>\$134,377</u>	<u>\$ 188,207</u>	<u>\$ 1,788,305</u>

Aggregate pension costs for the respective years ended December 31, 2006, and 2005, and 2004 were \$1,400,076, \$1,788,305 and \$1,815,886, respectively. For 2006 and 2005 actual contributions from the **Judicial Expense Fund** to each of the four pension plans were 100% of the required contributions.

In accordance with LSA-R.S. 11:1563, if at any time monies in the state fund are not sufficient to pay each retiree and beneficiary the full amount to which he/she is entitled, equal percentages of the full amount shall be paid to each retiree and beneficiary until the fund is replenished so as to warrant resumption of the payment of the full amount to each retiree and beneficiary.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 4 - Capital Assets, Net:

The following is a summary of capital assets for the years ended December 31, 2006 and 2005:

	Balance January 1, <u>2006</u>	<u>Addition</u>	<u>Retirements</u>	Balance December 31, <u>2006</u>
Computer equipment	\$ 1,057,271	\$ 82,455	\$ -0-	\$ 1,139,726
Computer software	1,259,872	339,348	-0-	1,599,220
Office equipment	98,389	23,234	(1,673)	119,950
Furniture and fixtures	64,096	65,318	-0-	129,414
Leasehold improvements	<u>19,685</u>	<u>-0-</u>	<u>-0-</u>	<u>19,685</u>
Sub-total	2,499,313	510,355	(1,673)	3,007,995
Less accumulated depreciation and amortization	(1,411,697)	(459,431)	<u>670</u>	(1,870,458)
Net	\$ <u>1,087,616</u>	\$ <u>50,924</u>	\$ <u>(1,003)</u>	\$ <u>1,137,537</u>

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 4 - Capital Assets, Net, Continued:

	Balance January 1, 2005	Additions	Retirements	Other	Balance December 31, 2005
Computer equipment	\$ 823,932	\$ 244,042	\$ (10,703)	\$ -0-	\$ 1,057,271
Computer software	922,936	336,936		-0-	1,259,872
Office equipment	89,254	10,680	(1,545)	-0-	98,389
Furniture and fixtures	86,793	-0-	(22,697)	-0-	64,096
Leasehold improvements	<u>19,685</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>19,685</u>
Sub-total	1,942,600	591,658	(34,945)	-0-	2,499,313
Less accumulated depreciation and amortization	<u>(1,052,397)</u>	<u>(376,575)</u>	<u>22,908</u>	<u>(5,633)</u>	<u>(1,411,697)</u>
Net	\$ <u>890,203</u>	\$ <u>215,083</u>	\$ <u>(12,037)</u>	\$ <u>(5,633)</u>	\$ <u>1,087,616</u>

Depreciation and amortization expense charged to each function for the years ended December 31, 2005, and 2004, are as follows:

	2006	2005
Civil District Court	\$ 274,321	\$ 205,332
First City Court	36,892	56,195
Second City Court	5,546	5,745
Recorder of Mortgages	99,941	76,165
Register of Conveyances	<u>42,731</u>	<u>33,138</u>
	\$ <u>459,431</u>	\$ <u>376,575</u>

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 4 - Capital Assets, Net., Continued:

An analysis of changes in accumulated depreciation by asset classification for the years ended December 31, 2006 and 2005 follows:

	Balance January 1, 2006	Additions	Retirements	Balance December 31, 2006
Computer equipment	\$ 673,655	\$171,408	\$ -0-	\$ 845,063
Computer software	600,075	266,945	-0-	867,020
Office equipment	82,670	10,715	(670)	92,715
Furniture and fixtures	35,612	10,363	-0-	45,975
Leasehold improvements	<u>19,685</u>	<u>-0-</u>	<u>-0-</u>	<u>19,685</u>
	<u>\$1,411,697</u>	<u>\$459,431</u>	<u>\$(670)</u>	<u>\$1,870,458</u>

	Balance January 1, 2005	Additions	Retirements	Other	Balance December 31, 2005
Computer equipment	\$ 543,407	\$140,471	\$ (10,223)	-0-	\$ 673,655
Computer software	393,695	206,380	-0-	-0-	600,075
Office equipment	66,177	12,379	(1,519)	5,633	82,670
Furniture and fixtures	38,168	8,610	(11,166)	-0-	35,612
Leasehold improvements	<u>10,950</u>	<u>8,735</u>	<u>-0-</u>	<u>-0-</u>	<u>19,685</u>
	<u>\$1,052,397</u>	<u>\$376,575</u>	<u>\$(22,908)</u>	<u>\$5,633</u>	<u>\$1,411,697</u>

The building, which the Judicial Expense Fund occupies and uses to conduct its operations is owned by the City of New Orleans. Although the Judicial Expense Fund does not pay rent to the City, the Judicial Expense Fund has made additions and improvements to the building during its term of occupancy.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 4 - Capital Assets, Net, Continued:

These additions and improvements are not included in the capital assets since the **Judicial Expense Fund** does not own the building. Such building additions and improvements funded from operations of the **Judicial Expense Fund** over its term of occupancy amount to \$3,081,106 and \$3,074,630 through December 31, 2006 and 2005, respectively. Building additions and improvements made for the years ended December 31, 2006 and 2005 amounted to \$76,476 and \$61,398, respectively, and are included in the accompanying financial statements of the **Judicial Expense Fund**.

NOTE 5 - Commitments:

Pursuant to LSA-R.S. 11:1371 the **Judicial Expense Fund** is required to make monthly payments to the widow of a former Civil Court judge who served from 1949 until his death in 1970 and was not a member of the judges' retirement system. The payments are to continue for the remaining life of the widow. The annual amount of the payments totaled \$7,200 for 2006 and 2005, respectively, and are reflected as an expense in the accompanying financial statements of the **Judicial Expense Fund**.

NOTE 6 - Registry of Court Funds:

The Clerks of Civil District Court, First City Court and Second City Court each maintain a Registry of Court fund.

Parties to litigation in these courts may deposit, or be ordered to deposit, cash or property into these funds in connection with the related litigation. Cash or property so deposited is the property of the litigants and is to be returned or disbursed to them or such other parties as the court may direct upon the conclusion of the litigation.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 6 - Registry of Court Funds, Continued:

The Clerk of Civil District Court, the Clerk of First City Court and the Clerk of Second City Court are the custodians of the Registry of Court fund for each respective court. The Clerks generally may only accept deposits into or disburse funds from the Registry of Court fund by order of the respective court.

These funds are subject to an annual audit by independent auditors who issue a separate report thereon.

The financial statements for the Registry of Court and Garnishment Funds except that maintained by the Clerk of Civil District Court have been included in the accompanying financial statements for the year ended December 31, 2006 and 2005. However, audited financial statements for the Clerk of Court for 2006 to include the Appeals Fund and disbursements made pursuant to Act 621, were not available for inclusion in the accompanying financial statements.

With respect to the Registry of Court funds of the Civil District Court, LSA-R.S. 13:1305 authorizes the investment of these funds into interest-bearing accounts. The statute also provides that one-half of the interest earned shall be credited to the litigants' deposits and one-half shall be remitted to the **Judicial Expense Fund** as reimbursement for administrative costs associated with the Registry of Court funds.

Interest earned and due to the **Judicial Expense Fund** at December 31, 2006, and 2005, amounted to \$615,772 and \$ 408,523, respectively, and are included in the accompanying financial statements.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 7 - Designated Funds:

The Judges *En Banc* in 2002 directed the dedication of approximately \$5,600,000 from the unrestricted net assets for various special projects. At December 31, 2006 and 2005 the remaining balances, including any adjustments by project, are as follows:

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	
		<u>2006</u>	<u>2005</u>
WANG System Conversion	The Court is converting the old WANG system by replacing all hardware, software, and cables.	\$685,064	\$1,600,000
Optical Imaging System	The Clerk of Civil District Court is converting all paper documents into optical images that can be processed and accessed via computer. This process will enable faster research and retrieval of all documents filed in the Clerk's office.	-0-	310,000
Upgrade Telephone System	Upgrade telephone system throughout the Civil Court Building	75,000	75,000
Emergency Operating Reserve		3,500,000	-0-

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 7 - Designated Funds, Continued:

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	
		<u>2006</u>	<u>2005</u>
New Courthouse Acquisition Fund	The Judicial Expense Fund plans to purchase/ build a new courthouse building since the 421 Loyola Avenue building is unable to provide the Judicial Expense Fund with the space needed to expand.	<u>2,419,655</u>	<u>4,732,323</u>
	Total designated	<u>\$6,679,719</u>	<u>\$6,717,323</u>

It is the intent of **the Judicial Expense Fund** to appropriate additional funds in the future.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 8 - Operating Leases:

The Judicial Expense Fund is committed under various leases for office equipment and storage which expire in varying periods through 2011. The leases are considered for accounting purposes to be operating leases. Lease expenses for the years ended December 31, 2006 and 2005 were \$366,120 and \$318,528, respectively.

Future lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2007	\$ 235,174
2008	283,444
2009	252,634
2010	239,025
2011	<u>106,673</u>
Total	<u>\$1,116,950</u>

NOTE 9 - Risk Management:

The Judicial Expense Fund is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets for which **the Judicial Expense Fund** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

For each of the years ended December 31, 2006 and 2005, no insurance settlements exceeded the amount of insurance coverage.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 10 - Concentration of Credit Risk:

The Judicial Expense Fund's principal source of revenues consist mainly of filing fees. If the amount of fees received falls below budgeted levels, **the Judicial Expense Fund's** operating results could be adversely affected.

NOTE 11 - Postemployment Retirement Benefits:

Plan Description

Employees of **the Judicial Expense Fund** may voluntarily participate in the state of Louisiana's health insurance plan as provided by LSA-R.S. 17:1223 which is administered by the Office of Group Benefits. Those employees of **the Judicial Expense Fund** who are plan members become eligible for postemployment medical and life insurance benefits if they reach normal retirement age while working for **the Judicial Expense Fund**; currently **the Judicial Expense Fund** provides postemployment benefits for sixty-six (66) retired employees. This postemployment benefits plan, an agent multiple-employer defined benefit plan, provides employees with a choice of participating in one of four medical insurance plans, each with varying benefits: preferred provider organization (PPO), exclusive provider organization (EPO), managed care option (MCO), or health maintenance organization (HMO). LSA-R.S. 42:801 - 859 assigns the authority to establish benefit plans and premium rates and negotiate contracts to the Office of Group Benefits under the direction of the Commissioner of Administration. The Office of Group Benefits issues a separate financial report which may be obtained by contacting them at:

Office of Group Benefits
State of Louisiana
P. O. Box 44036
Baton Rouge, Louisiana 70804
Phone: (800) 215-1093
Website: www.groupbenefits.org

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Postemployment Retirement Benefits, Continued:

Funding Policy

Currently, there are no requirements for employers to contribute to their postemployment benefits plans. In 2004, the **Judicial Expense Fund** recognized the cost of providing these benefits (the **Judicial Expense Fund's** portion of premiums) as an expense when the benefit premiums were due and thus financed the cost of postemployment benefits on a pay-as-you-go basis. It implemented Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB Statement 45), prospectively in 2004 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2006 and 2005 the **Judicial Expense Fund's** portion of health care, dental and life insurance benefit premiums for both active and retired employees totaled \$ 1,244,912 and \$1,187,753, respectively. The Judges *En Banc* of the **Judicial Expense Fund** have begun the process of establishing a trust whose assets are dedicated to providing postemployment benefits to retired employees and their beneficiaries and which are legally protected from creditors. It is the intent of the Judges *En Banc*, once the trust is established, to contribute its portion of postemployment benefits to the trust on a monthly basis.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Postemployment Retirement Benefits, Continued:

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature, in 2006 and 2005 the employer paid 75% of the premium cost for postemployment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from \$126 for a single retiree in the HMO plan to \$502 for a family in the EPO plan. Employees do not contribute to their postemployment benefits costs until they become retirees and begin receiving those benefits.

The Judicial Expense Fund's annual medical and life postemployment benefits cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement Number 45. **The Judicial Expense Fund's** annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of ten (10) years for life insurance and thirty (30) years for health insurance. The total annual required contribution for 2006 and 2005 is \$855,035, none of which was funded in 2006 and 2005 because the trust had not been established.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Postemployment Retirement Benefits, Continued:

**Annual Postemployment Benefits Cost and Net
Postemployment Benefits Liability**

The table below shows the **Judicial Expense Fund's** annual postemployment benefits for 2006 and changes in the Unfunded Postemployment Benefits liability:

	<u>2006</u>	<u>2005</u>
Normal cost	\$256,698	\$256,698
30-year actuarial accrued liability amortization of medical insurance	590,717	590,717
10-year actuarial accrued liability amortization of life insurance	<u>7.620</u>	<u>7.620</u>
Annual required contribution	855,035	855,035
Interest on Unfunded Postemployment Benefits liability	-0-	-0-
Adjustments to the annual required contribution	<u>-0-</u>	<u>-0-</u>
Annual Postemployment Benefits expense	855,035	855,035
Contributions made	-0-	-0-
Increase in Unfunded Postemployment Benefits liability	1,710,070	855,035
Unfunded Postemployment Benefits Liability-January 1,	<u>855,035</u>	<u>855,035</u>
Unfunded Postemployment Benefits Liability-December 31,	<u>\$ 2,565,105</u>	<u>\$ 1,710,070</u>

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Postemployment Retirement Benefits, Continued:

**Annual Postemployment Benefits Cost and Net
Postemployment Benefits Liability, Continued**

The following table shows the **Judicial Expense Fund's** annual postemployment benefits cost, percentage of that cost contributed, and the net Unfunded Postemployment Benefits liability:

<u>Fiscal Year Ended</u>	<u>Annual Postemployment Benefits Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Unfunded Postemployment Benefits Liability</u>
12/31/05	<u>\$855,035</u>	<u>0.0%</u>	\$1,710,070
12/31/06	<u>\$855,035</u>	<u>0.0%</u>	855,035
		Total	<u>\$2,565,105</u>

Funded Status and Funding Progress

In 2006 and 2005 the **Judicial Expense Fund** made no contributions to a postemployment benefits plan trust since such a trust had not been established. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of December 31, 2004, the first and most recent actuarial valuation, the actuarial accrued liability was \$7,385,454, which is defined as that portion, as determined by a particular actuarial cost method (the **Judicial Expense Fund** uses the Unit Credit Cost method), of the actuarial present value of postemployment plan benefits and expenses which is not provided by normal cost (i.e. the cost of the actuarial present value of postemployment benefits for active employees from their hire date through December 31, 2004, and for *retired* employees from their hire date through their date of retirement). Since the plan was not funded in 2006, 2005 and 2004, the entire actuarial accrued liability of \$7,385,454 was unfunded. The annual payroll of active employees covered by the plan, called the covered payroll, was \$6,201,682 in 2006 and \$4,336,048 in 2005; the ratio of the unfunded actuarial accrued liability to the covered payroll was 170% and 110%, respectively. (Salaries are not used to determine either medical or life postemployment benefits).

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Post Employment Retirement Benefits, Continued:

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for postemployment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) healthcare cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the **Judicial Expense Fund** and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the **Judicial Expense Fund** and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the **Judicial Expense Fund** and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Postemployment Retirement Benefits, Continued:

Actuarial Methods and Assumptions, Continued

The amount of the current employer portion of the healthcare premiums for retiree coverage has been used as the basis for calculating the actuarial present value of benefits to be paid. The Office of Group Benefits' "Official Schedule of Rates" effective July 1, 2004 has been used for this purpose. It has been assumed that enrollees will retain the same coverage levels after retirement as before.

Actuarial Cost Method

The annual required contributions is determined using the Unit Credit Cost method, a method under which the benefits of each individual in an actuarial valuation are allocated by a consistent formula to valuation years, and actuarial gains or losses reduce or increase the unfunded actuarial accrued liability as they occur. The employer portion of the premiums for retiree medical care in each future year is determined by projecting the current premium levels using the health care cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover rates.

Actuarial Value of Plan Assets

Since this is the first actuarial valuation, there are not any assets to be actuarially valued; however, it is anticipated that future valuations of actuarial assets will be based on Actuarial Standards Board Actuarial Standard of Practice Number 6, *Measuring Retiree Group Benefit Obligations*, which is applicable to postemployment benefits plans and generally requires valuing dedicated plan assets using a method that takes into account market value.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Postemployment Retirement Benefits, Continued:

Turnover Rate

The following service related turnover scale is used;

<u>Years of Service</u>	<u>Percent Turnover</u>
0-5	30.0%
5-6	16.0%
7-8	13.0%
8-9	10.0%
9-10	07.0%
10 and over	04.0%

Retirement Rate

It is assumed that entitlement to benefits will commence at the expected retirement date (that is, the date at which the eligible employee will actually retire) under the pension plan which covers employees. It is assumed that this retirement date is three years later than the earliest date at which the employee is eligible for regular retirement benefits. That "regular retirement" date is defined as the earliest of the following:

30 years of service credit at any age; or
25 years of service credit at age 55; or
10 years of service credit at age 60.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Postemployment Retirement Benefits, Continued:

Healthcare Cost Trend Rate

In the absence of readily available cost trend data from the Office of Group Benefits, the expected rate of increase in healthcare insurance premiums is based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services as published in *National Health Care Expenditures Projections: 2004 to 2013*, Table 3: National Health Expenditures Aggregate and Per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2005 by the Health Care Financing Administration. "State and Local" rates for 2006 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later, as set forth below:

<u>Calendar Year</u>	<u>Increase from Previous Year</u>
2006	8.0%
2007	8.2%
2008	8.1%
2009	8.0%
2010	7.9%
2011	7.8%
2012	7.7%
2013	7.6%
2014	6.7%
2015	6.0%
2016 and later	5.0%

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Postemployment Retirement Benefits, Continued:

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans.

Investment Return Assumption (Discount Rate) and Inflation Rate

GASB Statement Number 45 states that the investment return assumption should be the estimated long-term investment yield on investments that are expected to be used to finance the payment of benefits. Since it is anticipated that the annual required contribution will be funded, a 7% annual investment return is assumed in the actuarial valuation. This is a conservative estimate of the expected long-term return of a balanced and conservative investment portfolio. An explicit rate of inflation is not included in either the investment return or the healthcare cost trend, but, rather, is implicitly included and is presumed to be the same for each.

Amortization Method and Period

The level dollar closed amortization method has been used. An amortization period of 30 years has been used for the medical benefits and 10 years for the life insurance benefits. The valuation used the closed group method, under which future entrants are not considered.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 12 - Changes in Noncurrent Liabilities:

The following is a summary of changes in noncurrent liabilities for the years ended December 31, 2005, and 2004:

	-----2006-----			-----2005-----		
	<u>Compensated</u>	<u>Other</u>		<u>Compensated</u>	<u>Other</u>	
	<u>Absences</u>	<u>Liabilities</u>	<u>Total</u>	<u>Absences</u>	<u>Liabilities</u>	<u>Total</u>
Beginning of year	\$41,082	\$6,944	\$48,026	\$43,003	\$6,187	\$49,190
Additions	50,450	825	51,275	41,082	757	41,839
Retirement	(41,082)	(7,500)	(48,582)	(43,003)	-0-	(43,003)
End of year	<u>\$50,450</u>	<u>\$ 269</u>	<u>\$50,719</u>	<u>\$41,082</u>	<u>\$6,944</u>	<u>\$48,026</u>

Of the total noncurrent liabilities of \$50,719 and \$48,026 at December 31, 2006 and 2005, \$-0- are due within one year of December 31, 2006 and 2005.

NOTE 13 - Contingencies:

The Judicial Expense Fund is named in various suits. It is counsel's opinion at December 31, 2006 and June 19, 2007, of outcomes favorable to the **Judicial Expense Fund**.

NOTE 14 - Payments to the Clerk of Civil District Court Operational Fund:

Act 621 passed by the Legislature and signed by the Governor of the State of Louisiana on June 23, 2006 required the deposit of no less than sixty-percent of the filing fees collected pursuant to Louisiana revised statute 13:1213.1 in the Clerk's operational fund. See report finding reference number 2006-02 for additional discussion.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006**

REVENUES

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Recorder of Mortgages</u>	<u>Register of Conveyances</u>	<u>Total</u>
Filing fees	\$ 7,780,596	\$ 966,193	\$ 118,588	\$3,016,758	\$1,266,924	\$13,149,059
Remote access fees	75,362	9,293	1,146	29,152	12,348	127,300
Interest income	567,841	70,021	8,633	219,655	93,041	959,190
Grants	80,244	-0-	-0-	-0-	125,838	402,915
Other income	<u>6,885</u>	<u>82,784</u>	<u>100</u>	<u>2,352</u>	<u>1,011</u>	<u>93,132</u>
Total revenues	<u>8,510,928</u>	<u>1,128,291</u>	<u>126,466</u>	<u>3,464,750</u>	<u>1,499,162</u>	<u>4,731,597</u>

DIRECT EXPENSES

Salaries	4,508,686	1,237,608	262,692	884,205	622,391	7,515,582
Employee benefits	1,989,419	467,553	123,326	463,694	350,037	3,394,029
Court reporters and interpreters	27,303	-0-	-0-	-0-	-0-	27,303
Juror meals and transportation	34,162	-0-	-0-	-0-	-0-	34,162
UCC filing fees	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>37,100</u>	<u>-0-</u>	<u>37,100</u>
Total direct expenses	<u>6,559,570</u>	<u>1,705,161</u>	<u>386,018</u>	<u>1,384,999</u>	<u>972,428</u>	<u>11,008,176</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

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**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2006**

INDIRECT EXPENSES

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Recorder of Mortgages</u>	<u>Register of Conveyances</u>	<u>Total</u>
Books, printing and copying	\$ 226,264	\$ 29,260	\$ 6,851	\$ 19,025	\$ 9,521	\$ 290,921
Building and personnel security	74,254	8,422	1,038	26,421	11,191	121,327
Communication	148,091	26,034	10,299	35,849	23,033	243,307
Depreciation	274,321	36,892	5,546	99,941	42,731	459,430
Facilities	349,901	27,316	2,009	55,721	34,880	469,828
Furniture, equipment and maintenance 133,524	21,441	2,118	31,801	17,519	206,403	
Insurance	73,948	10,824	806	20,658	8,791	115,027
Office supplies and expenses	148,830	14,086	2,759	29,508	11,526	206,709
Postage and couriers	38,554	8,901	1,090	5,058	1,962	55,566
Professional education and dues	73,083	2,780	1,604	8,553	3,041	89,060
Professional services	139,765	18,086	4,944	33,604	34,400	230,800
Other expenses	<u>1,621,562</u>	<u>95,091</u>	<u>5,806</u>	<u>331,390</u>	<u>125,278</u>	<u>2,179,127</u>
Total indirect expenses	<u>3,302,097</u>	<u>299,134</u>	<u>44,872</u>	<u>697,530</u>	<u>323,873</u>	<u>4,667,505</u>
Total expenses	<u>9,861,667</u>	<u>2,004,295</u>	<u>430,889</u>	<u>2,082,529</u>	<u>1,296,301</u>	<u>15,675,681</u>
Excess revenues over (under) expenses	<u>\$(1,350,739)</u>	<u>\$ (876,004)</u>	<u>\$(302,423)</u>	<u>\$1,382,221</u>	<u>\$ 202,861</u>	<u>\$ (944,084)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II
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**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005**

REVENUES

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Recorder of Mortgages</u>	<u>Register of Conveyances</u>	<u>Total</u>
Filing fees	\$6,849,947	\$ 1,616,829	\$ 168,085	\$2,970,032	\$1,236,144	\$12,841,037
Remote access fees	44,932	10,622	1,096	19,473	8,177	84,300
Interest income	552,169	33,430	3,449	61,289	25,736	676,073
Grants	130,663	14,653	-0-	21,540	21,540	188,396
Other income	<u>249,198</u>	<u>17,992</u>	<u>18,389</u>	<u>271,686</u>	<u>250,176</u>	<u>807,441</u>
Total revenues	<u>7,826,909</u>	<u>1,693,526</u>	<u>191,019</u>	<u>3,344,020</u>	<u>1,541,773</u>	<u>14,597,247</u>

DIRECT EXPENSES

Salaries	5,418,621	1,546,757	303,969	1,146,245	973,046	9,388,638
Employee benefits	2,373,280	603,743	154,279	534,071	499,481	4,164,854
Court reporters and interpreters	22,848	860	-0-	-0-	-0-	23,708
Juror meals and transportation	48,938	-0-	-0-	-0-	-0-	48,938
UCC filing fees	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>40,119</u>	<u>-0-</u>	<u>40,119</u>
Total direct expenses	<u>7,863,687</u>	<u>2,151,360</u>	<u>458,248</u>	<u>1,720,435</u>	<u>1,472,527</u>	<u>13,666,257</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II
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JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005

INDIRECT EXPENSES

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Recorder of Mortgages</u>	<u>Register of Conveyances</u>	<u>Total</u>
Books, printing and copying	\$ 206,770	\$ 37,452	\$ 5,304	\$ 25,038	\$ 16,638	\$ 291,202
Building and personnel						
security	59,916	14,189	13,932	25,812	10,839	124,688
Communication	119,183	28,759	6,203	24,571	14,329	193,045
Depreciation	205,332	56,195	5,745	76,165	33,138	376,575
Facilities	250,353	35,773	2,604	36,211	10,717	335,658
Furniture, equipment and						
maintenance	130,010	21,579	2,446	39,008	23,909	216,952
Insurance	66,085	15,264	2,465	20,507	8,652	112,973
Office supplies and expenses	103,539	21,928	3,227	27,666	11,480	167,840
Postage and couriers	46,926	11,084	2,364	7,622	3,017	71,013
Professional education and						
dues	85,938	23,466	6,065	8,608	7,955	132,032
Professional services	77,288	19,251	4,983	25,084	22,800	149,406
Other expenses	<u>290,249</u>	<u>33,047</u>	<u>7,693</u>	<u>279,016</u>	<u>262,030</u>	<u>872,035</u>
Total indirect expenses	<u>1,641,589</u>	<u>317,987</u>	<u>63,031</u>	<u>595,308</u>	<u>425,504</u>	<u>3,043,419</u>
Total expenses	<u>9,505,276</u>	<u>2,469,347</u>	<u>521,279</u>	<u>2,315,743</u>	<u>1,898,031</u>	<u>16,709,676</u>
Excess revenues over						
(under) expenses	<u>\$ (1,678,367)</u>	<u>\$ (775,821)</u>	<u>\$ (330,260)</u>	<u>\$ 1,028,277</u>	<u>\$ (356,258)</u>	<u>\$ (2,112,429)</u>

See Independent Auditors' Report on Supplementary Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005
(UNAUDITED)

-----2006-----

REVENUES

	<u>-----BUDGETED-----</u>			<u>VARIANCES</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(FAVORABLE)</u>
				<u>UNFAVORABLE</u>
Filing fees	\$17,250,000	\$13,193,700	\$13,149,060	\$ 44,640
Remote access fees	80,000	101,000	127,300	(26,300)
Interest revenue	380,000	253,000	959,190	(706,190)
Other revenue	<u>85,462</u>	<u>165,540</u>	<u>496,047</u>	<u>(330,507)</u>
Total revenues	<u>17,795,942</u>	<u>13,713,240</u>	<u>14,731,597</u>	<u>(1,018,357)</u>

DIRECT EXPENDITURES

Salaries	11,554,102	7,422,000	7,515,582	93,582
Employee benefits	4,171,355	2,615,288	2,536,973	(78,315)
Court reporters and interpreters	31,200	25,150	27,303	2,153
Juror meals and transportation	83,000	24,200	34,162	9,962
UCC filing fees	<u>60,000</u>	<u>50,000</u>	<u>37,100</u>	<u>(12,900)</u>
Total direct expenditures	<u>15,899,657</u>	<u>10,136,638</u>	<u>10,151,120</u>	<u>(14,482)</u>

See Independent Auditors' Report on Supplementary Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS), CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005
(UNAUDITED)

-----2006-----				
	-----BUDGETED-----		<u>ACTUAL</u>	VARIANCES
	<u>ORIGINAL</u>	<u>FINAL</u>		(FAVORABLE) <u>UNFAVORABLE</u>
INDIRECT EXPENDITURES				
Books, printing and copying	\$ 457,810	\$ 306,350	\$ 290,921	\$ (15,429)
Building and personnel security	150,520	126,400	121,327	5,073
Capital expenditures	810,000	-0-	508,683	508,683
Communication	287,189	245,632	243,307	(2,325)
Facilities	614,750	403,410	469,828	66,418
Furniture, equipment and maintenance	254,602	173,196	206,403	33,207
Insurance	135,521	116,752	115,027	(1,725)
Office supplies and expenditures	236,200	195,910	206,709	10,799
Postage and couriers	103,930	60,029	55,566	(4,463)
Professional education and dues	235,200	69,894	89,060	19,166
Professional services	181,970	207,051	230,801	23,750
Other expenditures	24,120	698,662	652,340	(46,322)
Clerk's salary fund expense	<u>-0-</u>	<u>-0-</u>	<u>1,526,784</u>	<u>1,526,784</u>
Total indirect expenditures	<u>3,491,812</u>	<u>2,603,286</u>	<u>4,716,756</u>	<u>2,113,470</u>
Total expenditures	<u>19,391,469</u>	<u>12,739,924</u>	<u>14,867,876</u>	<u>2,127,952</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(1,595,527)	973,316	(136,279)	1,109,595
Other financing sources (uses)	<u>1,600,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Excess (deficiency) of revenues and other financing sources (uses) over expenditures	4,473	973,316	(136,279)	<u>\$ 1,109,595</u>
Fund balance, beginning of year	<u>6,815,998</u>	<u>6,815,998</u>	<u>6,815,998</u>	
Fund balance, end of year	<u>\$ 5,220,471</u>	<u>\$ 7,789,314</u>	<u>\$ 6,679,719</u>	

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005
(UNAUDITED)**

-----2005-----

REVENUES

	<u>BUDGETED</u>			<u>VARIANCES</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(FAVORABLE)</u>
				<u>UNFAVORABLE</u>
Filing fees	\$17,325,000	\$17,325,000	\$12,841,037	\$ (4,483,963)
Remote access fees	60,000	60,000	84,300	24,300
Interest revenue	225,000	225,000	676,073	451,073
Grants	-0-	-0-	188,396	188,396
Other revenue	<u>496,369</u>	<u>496,369</u>	<u>807,441</u>	<u>311,072</u>
Total revenues	<u>18,106,369</u>	<u>18,106,369</u>	<u>14,597,247</u>	<u>(3,509,122)</u>

DIRECT EXPENDITURES

Salaries	11,393,260	11,393,260	9,389,802	(2,003,458)
Employee benefits	3,512,890	3,512,890	3,327,093	(185,797)
Court reporters and interpreters	32,000	32,000	23,708	(8,292)
Juror meals and transportation	83,500	83,500	48,938	(34,562)
UCC filing fees	<u>65,000</u>	<u>65,000</u>	<u>40,119</u>	<u>(24,881)</u>
Total direct expenditures	<u>15,086,650</u>	<u>15,086,650</u>	<u>12,829,660</u>	<u>(2,256,990)</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS), CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005
(UNAUDITED)**

-----2005-----

INDIRECT EXPENDITURES

	-----BUDGETED-----		VARIANCES	
	<u>ORIGINAL</u>	<u>FINAL</u>	(FAVORABLE) <u>ACTUAL</u>	<u>UNFAVORABLE</u>
Books, printing and copying	\$ 514,257	\$ 514,257	\$ 291,202	\$ (223,055)
Building and personnel security	190,560	190,560	124,688	(65,872)
Communication	259,890	259,890	193,045	(66,845)
Facilities	693,400	693,400	335,658	(357,742)
Furniture, equipment and maintenance	298,026	298,026	216,952	(81,074)
Insurance	105,466	105,466	112,973	7,507
Office supplies and expenditures	255,100	255,100	167,840	(87,260)
Postage and couriers	99,200	99,200	71,013	(28,187)
Professional education and dues	256,900	256,900	132,032	(124,868)
Professional services	219,250	219,250	149,406	(69,844)
Capital expenditures	1,985,000	1,985,000	556,713	(1,428,287)
Other expenditures	<u>21,220</u>	<u>21,220</u>	<u>872,035</u>	<u>850,815</u>
Total indirect expenditures	<u>4,898,269</u>	<u>4,898,269</u>	<u>3,223,557</u>	<u>(1,674,712)</u>
Total expenditures	<u>19,984,919</u>	<u>19,984,919</u>	<u>16,053,217</u>	<u>(3,931,702)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,878,550)</u>	<u>\$ (1,878,550)</u>	(1,455,970)	<u>\$ (422,580)</u>
Fund balance, beginning of year	<u>8,433,675</u>	<u>8,433,675</u>	<u>8,271,968</u>	
Fund balance, end of year		<u>\$ 6,555,125</u>	<u>\$ 6,555,125</u>	<u>\$ 6,815,998</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF BUDGETARY TO GAAP RECONCILIATION
FOR THE YEAR ENDED DECEMBER 31, 2006 and 2005
(UNAUDITED)**

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgeted and Actual presents comparison of the **Judicial Expense Fund's** legally adopted original budget and final (non-GAAP basis) with actual data on a budgetary basis. The accounting principles applied by the **Judicial Expense Fund** for the purposes of developing data for its budget differs from those used to present the basic financial statements (GAAP Basis)

A reconciliation of the previously described basis follows:

	<u>2006</u>	<u>2005</u>
Excess of revenues and other financing sources (uses) over expenditures (budgetary basis)	\$(136,279)	\$(1,455,970)
Adjustments:		
Capital additions	508,683	556,712
Depreciation expense	(459,431)	(376,575)
Compensated absences	(2,022)	1,165
Postemployment benefits	<u>(855,035)</u>	<u>(837,761)</u>
Change in net assets	<u>\$(944,084)</u>	<u>\$2,112,429)</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO BUDGETARY DATA INFORMATION**

Preparation of the budget begins in the Fiscal Administration office of the Judicial Administrator. The Chief Accountant compiles actual historical financial information for the completed year(s) for each of the eleven departments comprising **the Judicial Expense Fund**. The Chief Judge writes a letter to the five parochial officials presenting this compiled information and asking for their input for an upcoming budget within four weeks.

The Chief Accountant and Judicial Administrator then prepare budgets for the remaining eight departments, as well as the budget for **the Judicial Expense Fund** as a whole.

In accordance with **the Judicial Expense Fund** and Performance Accountability Act of 1999, each year the Judges *En Banc* submit their strategic plan to improve performance to the Louisiana Supreme Court. **The Judicial Expense Fund** has actively participated in the Strategic Plan of the Trial Courts since 2000, and aspects of this plan are incorporated into the budget.

Upon completion, the entity-wide budget is presented to the Finance Committee of the Judges *En Banc*, for their review. Once the Finance Committee approves both an operating budget and capital expenditure budget they present their recommendation to the Judges *En Banc*. According to section LSA-R.S.39:1309 the budget is adopted at an open meeting during which the public is invited to comment.

The Fiscal Administration office monitors revenues and controls expenditures according to section 1311. If it becomes necessary to amend the budget, the Chief Accountant and the Judicial Administrator will prepare an amended budget and present it to the Finance Committee for approval. The Finance Committee will recommend an amended budget to the Judges *En Banc*, who will formally adopt the amended budget at an open meeting according to section LSA-R.S.39:1310.

STATISTICAL SECTION



JUDICIAL EXPENSE FUND

EXHIBIT A

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

Net Assets
Last Six Fiscal Years

<u>Year</u>	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Net Assets</u>
2001	\$ 400,452	\$ 6,500,663	\$ 0	\$ 6,901,115
2002	1,019,431	5,975,843	0	6,995,274
2003	970,548	5,938,830	0	6,909,378
2004	890,203	7,367,743	0	8,257,946
2005	1,087,616	5,057,901	0	6,145,517
2006	1,137,537	4,063,896	0	5,201,433

Full accrual basis of accounting

Invested in Capital Assets are net of related debt

GASB 34 was implemented in 2001

See Independent Auditors' Report on Statistical Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

Change in Net Assets
Last Six Fiscal Years

	2001	2002	2003	2004	2005	2006
Expenses						
Civil District Court	\$ 8,959,980	\$ 9,696,449	\$ 10,148,616	\$ 10,060,607	\$ 9,505,275	\$ 9,866,943
First City Court	2,344,138	2,457,749	2,402,188	2,480,850	2,469,347	2,001,215
Second City Court	467,352	479,180	522,841	548,597	521,280	430,483
Recorder of Mortgages	1,760,655	1,908,478	2,016,521	2,074,913	2,315,742	2,080,727
Register of Conveyances	1,379,061	1,346,911	1,395,715	1,593,107	1,898,031	1,296,302
Total expenses	14,911,186	15,888,767	16,485,860	16,757,774	16,709,675	15,675,680
Program Revenues: Charges for Services						
Civil District Court	8,163,918	8,386,991	8,353,628	9,644,040	6,894,879	7,855,956
First City Court	2,215,496	2,151,160	2,053,891	2,180,858	1,627,451	975,486
Second City Court	210,591	192,976	200,144	192,916	169,181	19,734
Recorder of Mortgages	3,190,362	3,482,960	4,098,939	4,112,471	2,989,606	3,045,910
Register of Conveyances	1,213,193	1,293,788	1,462,205	1,658,526	1,244,321	1,279,272
	14,993,560	15,507,875	16,168,807	17,788,811	12,925,337	13,276,358
Program Revenues: Operating Grants						
Civil District Court	0	0	30,050	39,557	130,663	80,244
First City Court	0	0	0	0	14,652	0
Recorder of Mortgages	0	0	0	0	21,540	0
Register of Conveyances	0	0	0	0	21,540	196,833
Total program revenues	14,993,560	15,507,875	16,198,857	17,828,368	188,395	126,838
Net Revenues (Expenses)						
Civil District Court	(796,062)	(1,309,458)	(1,764,937)	(376,910)	(2,479,733)	(1,930,743)
First City Court	(128,642)	(306,589)	(348,297)	(299,792)	(827,244)	(1,025,729)
Second City Court	(256,761)	(286,204)	(322,697)	(355,681)	(352,099)	(310,759)
Recorder of Mortgages	1,429,707	1,574,482	2,082,418	2,037,558	695,303	1,162,016
Register of Conveyances	(165,868)	(53,123)	66,490	65,419	(632,170)	108,808
Total net revenues (expenses)	82,374	(380,892)	(287,023)	1,070,594	(3,595,943)	(1,996,407)
General Revenues						
Interest	475,638	256,016	194,713	272,244	676,073	959,191
Other	8,386	12,860	6,414	5,730	807,441	93,132
Total general revenues	484,024	268,876	201,127	277,974	1,483,514	1,052,323
Change in net assets	\$ 566,398	\$ (112,016)	\$ (85,896)	\$ 1,348,568	\$ (2,112,429)	\$ (944,084)

Full accrual basis of accounting
GASB 34 was implemented in 2001

See Independent Auditors' Report on Statistical Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

Governmental Fund Balance
Last Ten Fiscal Years

<u>Year</u>	<u>Reserved Fund Balance</u>	<u>Unreserved Fund Balance</u>
1997 \$	0 \$	695,601
1998	0	3,144,802
1999	0	4,701,121
2000	0	6,273,727
2001	0	6,747,012
2002	0	6,032,363
2003	0	5,994,547
2004	0	7,416,933
2005	0	6,815,998
2006	0	6,697,551

Modified accrual basis

See Independent Auditors' Report on Statistical Information.

EXHIBIT D

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

Changes in Governmental Fund Balance
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Filing Fees	\$ 11,840,496	\$ 14,283,360	\$ 14,334,911	\$ 14,722,820	\$ 14,964,684	\$ 15,455,440	\$ 16,120,382	\$ 17,716,511	\$ 12,841,037	\$ 13,276,359
Interest	400,380	368,247	446,166	668,569	475,638	256,016	194,713	272,244	676,073	959,191
Grants	0	0	0	0	0	0	0	0	188,396	402,915
Other	72,084	86,442	285,046	381,103	37,262	65,295	84,889	117,587	891,741	220,432
Total revenues	12,312,960	14,738,049	15,066,123	15,772,492	15,477,584	15,776,751	16,399,984	18,106,342	14,597,247	14,731,597
Expenditures										
Civil District Court	7,521,407	7,114,792	8,175,500	8,643,838	9,219,855	10,012,193	10,108,088	10,018,600	9,505,276	9,861,667
First City Court	1,837,490	1,854,586	2,025,964	2,239,086	2,248,376	2,567,342	2,389,308	2,462,551	2,469,347	2,004,295
Second City Court	377,733	377,282	432,152	411,090	441,541	490,878	520,046	550,151	521,279	430,889
Recorder of Mortgages	1,791,186	1,792,702	1,616,353	1,621,870	1,738,581	2,024,759	2,021,730	2,064,648	2,315,743	2,082,529
Register of Conveyances	1,149,047	1,149,486	1,259,835	1,284,002	1,355,946	1,396,228	1,398,628	1,588,006	1,898,031	1,296,301
Total expenditures	12,676,863	12,288,848	13,509,804	14,199,886	15,004,299	16,491,400	16,437,800	16,683,956	16,709,676	15,675,681
Increase (decrease) in fund balance	\$ (363,903)	\$ 2,449,201	\$ 1,556,319	\$ 1,572,606	\$ 473,285	\$ (714,649)	\$ (37,816)	\$ 1,422,386	\$ (2,112,429)	\$ (944,084)

See Independent Auditors' Report on Statistical Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

Revenue Rates and Base
Last Ten Fiscal Years
(Unaudited)

Function	Year	New Suits Filed	Filing Fees Revenue	Average Revenue Per New Suit	Average Cost per New Suit
Civil District Court	1997 \$	23,062	\$ 8,372,860	276	328
	1998	22,438	7,821,876	349	317
	1999	21,341	7,348,701	344	383
	2000	20,365	8,050,486	395	424
	2001	21,587	8,148,254	377	427
	2002	20,257	8,358,140	413	494
	2003	19,149	8,328,592	435	528
	2004	18,763	9,605,853	512	534
	2005	13,821	6,849,947	497	688
	2006	14,388	6,253,813	435	685
First City Court	1997 \$	20,028	\$ 2,009,388	100	92
	1998	19,788	2,239,458	113	94
	1999	19,625	2,318,512	118	103
	2000	19,573	2,228,845	114	114
	2001	19,752	2,210,889	112	114
	2002	18,804	2,143,334	114	137
	2003	16,725	2,047,741	122	143
	2004	15,236	2,171,985	143	162
	2005	12,397	1,616,829	130	199
	2006	6,195	966,193	156	323
Second City Court	1997 \$	1,892	\$ 142,025	75	200
	1998	2,056	173,166	84	184
	1999	2,095	188,247	90	206
	2000	2,511	199,745	80	164
	2001	2,671	210,237	79	165
	2002	2,372	192,777	81	207
	2003	2,078	199,563	96	250
	2004	1,774	192,121	108	310
	2005	1,778	168,085	95	293
	2006	1,248	118,588	95	345

Filing fees are paid by litigants to the suits.

See Independent Auditors' Report on Statistical Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

Revenue Rates and Base
Last Ten Fiscal Years
(Unaudited)

Function	Year	New Instruments Recorded	Filing Fees Revenue	Average Revenue per Instrument Recorded	Average Cost per Instrument Recorded
Recorder of Mortgages	1997	61,614	2,268,448	37	29
	1998	61,083	2,863,860	47	29
	1999	58,037	3,183,661	55	28
	2000	55,286	2,967,080	54	29
	2001	55,508	3,184,732	57	31
	2002	62,277	3,471,687	56	33
	2003	59,611	4,086,639	69	34
	2004	52,567	4,095,770	78	39
	2005	39,648	2,970,032	75	58
	2006	unavailable	3,016,758	unavailable	unavailable
Register of Conveyances	1997	18,741	1,047,775	56	61
	1998	19,742	1,184,900	60	58
	1999	20,062	1,295,790	65	63
	2000	19,476	1,276,664	66	66
	2001	19,097	1,210,772	63	71
	2002	21,553	1,289,502	60	65
	2003	23,086	1,457,847	63	61
	2004	39,382	1,651,802	42	40
	2005	18,234	1,236,144	68	104
	2006	unavailable	1,266,924	unavailable	unavailable

See Independent Auditors' Report on Statistical Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

Demographic and Economic Indicators
Orleans Parish
Last Ten Years
(Unaudited)

<u>Year</u>	<u>Population</u>	<u>Total Personal Income</u>	<u>Per Capital Personal Income</u>	<u>Unemployment Rate</u>
1997	\$ 488,061	\$ 11,550,032	\$ 23,665	6.7%
1998	485,801	12,125,252	24,959	6.1%
1999	485,511	12,140,253	25,005	5.1%
2000	483,667	12,689,000	26,235	5.4%
2001	478,427	13,313,564	27,828	5.8%
2002	473,089	13,766,830	29,100	6.2%
2003	467,934	14,109,070	30,152	6.5%
2004	458,393	14,115,285	30,749	5.5%
2005	452,170	5,804,391	12,837	6.2%
2006	Not available	Not available	Not available	4.7%

Source for unemployment rates: Louisiana Department of Labor

Source for all other statistics: Bureau of Economic Analysis, U.S. Department of Commerce

See Independent Auditors' Report on Statistical Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

Principal Employers in Orleans Parish
Current Year and Nine Years Ago
(Unaudited)

<u>Year</u>	<u>Total Employment</u>	<u>Principal Employers (Largest to Smallest)</u>	<u>Number of Employees</u>
1995	186,900	Orleans Parish School Board City of New Orleans Tulane University The Medical Center of Louisiana LSU Medical Center New Orleans (self support) United States Postal Service Martin-Marietta Corporation Mercy+Baptist Medical Center LSU Medical Center New Orleans (general support) Tulane Medical Center Hospital Clinic	1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more
2004	251,498	LSU Health Tulane University LSU Medical Center - Charity Medical Center of Louisiana University Hospital United States Postal Service University of New Orleans Memorial Medical Center Lockheed Martin Michoud Operations New Orleans Police Department	5,000 - 9,999 5,000 - 9,999 5,000 - 9,999 5,000 - 9,999 5,000 - 9,999 1,000 - 4,999 1,000 - 4,999 1,000 - 4,999 1,000 - 4,999 1,000 - 4,999
2006	Not available		

Source: Louisiana Department of Labor

See Independent Auditors' Report on Statistical Information.

EXHIBIT H

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

Number of Employees
Last Ten Years
(Unaudited)

Year	Civil District Court	First City Court	Second City Court	Recorder of Mortgages	Register of Conveyances	Administration	Total
1997	221	45	8	74	41	17	408
1998	219	49	7	81	47	28	411
1999	209	59	12	61	48	28	417
2000	233	69	12	57	44	32	447
2001	266	62	14	56	44	22	464
2002	270	68	12	53	43	21	467
2003	256	64	10	53	44	19	446
2004	251	63	15	49	38	16	432
2005	67	18	4	18	14	9	130
2006	116	28	5	28	20	13	210

In 1998 nine positions were reclassified from Civil District Court to Administration. In 2001 these nine positions, plus one more, were reclassified back to Civil District Court from Administration.

In 2004 Second City Court used 4 part-time employees instead of replacing the one full-time employee who had retired.

Note: This table presents the number of employees, those who received a Form W-2, and not the number of positions. For example, if an employee retired in mid-year and was replaced with a newly hired employee, this table counts two employees while there was only one position.

See Independent Auditors' Report on Statistical Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

Civil District Court
Cases Filed and Jury Trials
Last Ten Years
(Unaudited)

<u>Year</u>	<u>Civil Cases Filed</u>	<u>Jury Trials</u>
1997	23,062	99
1998	22,438	77
1999	21,341	64
2000	20,365	62
2001	21,587	66
2002	20,257	81
2003	19,149	56
2004	18,763	70
2005	13,821	41
2006	unavailable	unavailable

See Independent Auditors' Report on Statistical Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

First and Second City Courts
Cases Filed and Terminated
Last Ten Years
(Unaudited)

<u>Court</u>	<u>Year</u>	<u>Civil Cases Filed</u>	<u>Civil Cases Terminated</u>
First City Court	1997	20,028	17,566
	1998	19,788	15,227
	1999	19,625	13,994
	2000	19,573	13,509
	2001	19,752	14,246
	2002	18,804	14,181
	2003	16,725	12,652
	2004	15,236	11,403
	2005	12,397	8,392
	2006	unavailable	unavailable
Second City Court	1997	1,892	1,083
	1998	2,056	1,224
	1999	2,095	1,360
	2000	2,511	1,305
	2001	2,671	1,444
	2002	2,372	1,203
	2003	2,078	1,882
	2004	1,774	1,576
	2005	1,778	
	2006	unavailable	unavailable

See Independent Auditors' Report on Statistical Information.

**JUDICIAL EXPENSE FUND
 FOR THE
 CIVIL DISTRICT COURT
 FOR THE PARISH OF ORLEANS**

Documents Recorded and Completed
 Last Ten Years
 (Unaudited)

Function	Year	New Instrument Numbers Issued	Mortgage Certificates Completed	Releases Completed
Recorder of Mortgages	1997	61,614	Not available	Not available
	1998	61,083	Not available	Not available
	1999	58,037	Not available	Not available
	2000	55,286	Not available	Not available
	2001	55,508	Not available	Not available
	2002	62,277	Not available	Not available
	2003	59,611	9,792	37,311
	2004	52,567	8,115	39,749
	2005	39,648	7,372	23,410
	2006	unavailable	unavailable	unavailable

See Independent Auditors' Report on Statistical Information.

EXHIBIT K

Page 2 of 2

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

Documents Recorded and Completed
Last Ten Years
(Unaudited)

<u>Function</u>	<u>Year</u>	<u>New Instrument Numbers Issued</u>	<u>Conveyance Certificates Completed</u>
Register of Conveyances	1997	18,741	Not available
	1998	19,742	Not available
	1999	20,062	Not available
	2000	19,476	Not available
	2001	19,097	Not available
	2002	21,553	Not available
	2003	23,086	7,321
	2004	39,382	6,975
	2005	18,234	5,222
	2006	unavailable	unavailable

See Independent Auditors' Report on Statistical Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

Investments in Capital Assets
Last Ten Years

Function	Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
Civil District Court	1997	\$ 0	\$ 0	27,200	3,644	0	0	30,844
	1998	6,583	3,495	0	0	0	0	10,078
	1999	34,487	32,225	0	0	0	0	66,712
	2000	9,664	0	16,850	13,627	0	0	40,141
	2001	12,719	4,984	3,200	22,122	0	0	43,025
	2002	27,853	13,375	4,095	10,870	0	0	56,193
	2003	15,050	9,311	0	2,849	0	0	27,210
	2004	7,356	9,840	(10,680)	0	0	0	6,516
	2005	7,019	5,925	10,680	0	0	0	23,624
	2006	16,289	29,124	7,750	0	0	0	53,163
Total		130,438	104,784	31,895	49,468	0	0	316,585
# of Items		53	13	11	16	0	0	93
First City Court	1997	0	0	0	0	0	0	0
	1998	0	0	0	0	0	0	0
	1999	0	0	0	4,224	0	0	4,224
	2000	5,548	0	8,077	4,527	0	0	18,152
	2001	2,000	0	0	2,233	0	0	4,233
	2002	2,390	21,560	0	0	0	19,685	43,635
	2003	0	0	0	0	0	0	0
	2004	0	0	0	0	0	0	0
	2005	3,437	0	0	0	0	0	3,437
	2006	0	0	0	0	0	0	0
Total		13,375	21,560	8,077	10,984	0	19,685	73,681
# of Items		6	2	1	6	0	1	16

See Independent Auditors' Report on Statistical Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

Investments in Capital Assets
Last Ten Years

Function	Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
Second Circuit Court	1997	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	1998	2,686	0	0	0	0	0	2,686
	1999	9,459	0	0	0	0	0	9,459
	2000	0	0	0	0	0	0	0
	2001	0	0	0	0	0	0	0
	2002	3,988	0	0	0	0	0	3,988
	2003	0	0	0	0	0	0	0
	2004	2,033	0	1,705	0	0	0	3,738
	2005	0	0	0	0	0	0	0
	2006	0	2,199	0	0	0	0	2,199
Total		18,166	2,199	1,705	0	0	0	22,070
# of Items		7	1	1	0	0	0	9
Recorder of Mortgages	1997	0	0	0	0	0	0	0
	1998	0	0	0	7,240	0	0	7,240
	1999	0	0	0	0	0	0	0
	2000	0	0	0	0	0	0	0
	2001	0	0	0	0	0	0	0
	2002	1,800	0	0	0	0	0	1,800
	2003	0	0	0	0	0	0	0
	2004	0	0	1,673	0	0	0	1,673
	2005	7,672	0	0	(7,240)	0	0	432
	2006	4,572	0	12,240	65,318	0	0	82,130
Total		14,044	0	13,913	58,078	0	0	86,035
# of Items		3	0	4	1	0	0	8

See Independent Auditors' Report on Statistical Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

Investments in Capital Assets
Last Ten Years

Function	Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
Register of Conveyances	1997	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	1998	1,665	0	0	0	0	0	1,665
	1999	0	0	0	2,772	0	0	2,772
	2000	0	0	1,545	0	0	0	1,545
	2001	0	0	0	0	0	0	0
	2002	0	0	0	12,685	0	0	12,685
	2003	0	0	0	0	0	0	0
	2004	0	0	0	0	0	0	0
	2005	9,575	0	(1,545)	0	0	0	(7,427)
	2006	4,572	0	1,571	(15,457)	0	0	6,143
Total		15,812	0	1,571	0	0	0	17,383
# of Items		4	0	1	0	0	0	5
Administration	1997	\$ 0	\$ 0	\$ 1,936	\$ 0	\$ 0	\$ 0	\$ 1,936
	1998	0	3,434	0	0	0	0	3,434
	1999	172,790	20,345	0	0	0	0	193,135
	2000	0	0	0	0	0	0	0
	2001	36,277	129,069	0	0	0	0	165,346
	2002	406,746	259,603	33,653	0	25,973	0	725,975
	2003	52,048	197,207	0	0	(25,973)	0	223,282
	2004	10,790	218,488	0	0	0	0	229,278
	2005	205,636	331,011	0	0	0	0	536,647
	2006	57,023	308,025	0	0	0	0	365,048
Total		941,310	1,463,748	33,653	0	0	0	2,438,710
# of Items		15	11	2	0	0	0	28
Grand Total		\$ 1,133,144	\$ 1,592,291	\$ 90,814	\$ 118,530	\$ 0	\$ 19,685	\$ 2,954,464
Total # of Items		88	27	20	23	0	1	159

See Independent Auditors' Report on Statistical Information.

**JUDICIAL EXPENSE FUND
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

ACKNOWLEDGMENTS

REPORT PREPARED BY

Anne Castjohn	-	Chief Accountant (2007 to present)
Diane B. Allison, CPA, CGFO	-	Chief Accountant
Andrea Johnson	-	Staff Accountant

CHIEF JUDGE

Nadine Ramsey	-	2007-2008
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JUDICIAL ADMINISTRATOR

Kenneth Burrell	-	Judicial Administrator
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FINANCIAL REPORTING SECTION

Elaine T. Breaux	-	Payroll Specialist
Trina R. Lewis	-	Accounts Payable
Dwayne J. Mallet	-	Purchasing Agent
Melinda F. Owens	-	Administrative Assistant
Tymetrius Jones	-	Administrative Assistant
Elaine W. Spiess	-	Employee Benefits Specialist

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

EXIT CONFERENCE

An exit conference was held with representatives of the **Judicial Expense Fund**. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

Nadine Ramsey	--	Chief Judge
Kenneth Burrell	--	Judicial Administrator
Andrea Johnson	--	Staff Accountant
Anne Castjohn	--	Chief Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM	--	Partner
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**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA**

**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

FOR THE YEAR ENDED DECEMBER 31, 2006

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Member
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Michael B. Bruno, CPA
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Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Judicial Expense Fund for the
Civil District Court for the Parish of Orleans
also including First and Second City Courts,
Recorder of Mortgages and Register of Conveyances
for the City of New Orleans
New Orleans, Louisiana**

We have audited the financial statements of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans** (hereinafter collectively referred to as the **Judicial Expense Fund**) as of and for the year ended December 31, 2006, and 2005, and have issued our report thereon dated June 19, 2007. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the **Judicial Expense Fund's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of the **Judicial Expense Fund's** internal control over financial reporting. Accordingly, we do not express any opinions on the effectiveness of **Judicial Expense Fund's** internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the **Judicial Expense Fund's** ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the **Judicial Expense Fund's** financial statements that is more than inconsequential will not be prevented or detected by the **Judicial Expense Fund's** internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the **Judicial Expense Fund's** internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain matters involving the internal control over financial reporting which we have reported to management of the **Judicial Expense Fund** in a separate letter dated June 19, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Judicial Expense Fund's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary Schedule of Findings and Responses as items 2006-01 and 2006-02.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES , CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2006**

This report is solely intended for the information and use of the Honorable Judges, the Judicial Expense Fund's management, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

June 19, 2007

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Section I - Summary of Auditors' Results

Financial Statement

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted:	No

Federal Awards

Internal control over financial reporting:	Not Applicable
• Material weakness(es) identified?	
• Reportable condition(s) identified that are not considered to be material weakness(es)?	
Type of auditor's report issued on compliance for major programs.	Not applicable
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Not applicable

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES , CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs:	Not applicable
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Dollar threshold used to distinguish between type A and B programs	Not applicable
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Auditee qualified as low risk auditee?	Not applicable
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**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES , CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Section II - Financial Statement Findings and Responses

Reference Number

2006-01

Criteria

Louisiana Revised Statute 39:1303 states that Local Government Budget Act (LSA-R.S. 39:1301-15) applies to all political subdivisions of the State with General and/or Special Revenue Funds. Furthermore, the statute dictates other requirements of the governmental entities to include budgetary amendment authorization, public inspection and adoption of the final budget timeline.

Condition

The Louisiana Revised Statute 39:1311 states that, "The chief executive officer or equivalent notify in writing the governing authority during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or more (LSA-RS 36:1311)."

Cause

As a result of the impact of Hurricane Katrina, and the transition to its offices in New Orleans, the **Judicial Expense Fund** was not able to fully comply with the requirements of LSA-RS 39:1311.

Also, in November 2006, the chief accountant for the **Judicial Expense Fund** resigned resulting in a vacancy in the chief accountant's position.

Nevertheless, for the year ended December 31, 2006, the **Judicial Expense Fund** caused the preparation of a budget revision for 2006 and also adopted a budget for 2007.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES , CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Section II - Financial Statement Findings and Responses, Continued

Reference Number, Continued

2006-01

Recommendation

We recommend that management of the **Judicial Expense Fund** ensure continued compliance with the requirements of the Budget Act.

Management's Response

Management has in place, the required procedures and policies to prepare, adopt and amend its budgets. All required budget revisions will be addressed in the future within the dictated timeline.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES , CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Section II - Financial Statement Findings and Responses, Continued

Reference Number

2006-02

Criteria

Louisiana Revised Statute 13:1312 as repealed by Acts 2006, No. 621 and 19 (A), effective January 1, 2009 in part required the judges of the Civil District Court for the Parish of Orleans, the First and Second City Courts of the City of New Orleans, sitting *en banc* to "have control over the fund and all disbursements made there from".

Furthermore, Act No. 621 passed by the Legislature and signed by the Governor for the State of Louisiana on June 23, 2006. among other things dictates the establishment of a consolidated Judicial System for the Parish of Orleans to be known as the Forty-First Judicial District.

Also, the Act requires the deposit of no less than sixty percent of the filing fees collected pursuant to Louisiana revised Statute 13:1213.1 in the clerk's operational fund.

Condition

The Judicial Expense Fund in August 2006 initiated monthly payments of sixty (60) percent of filing fees collected, net of certain applicable costs to the Clerk of Civil District Court starting with the month of June 2006.

It is our understanding through discussion with management, that the disbursements for the 2006 year were the result of management's understanding that Act 621 was effective on June 23, 2006.

As a part of our audit, we reviewed the supporting documents provided to us by management of the **Judicial Expense Fund**, noting that the payments made through December 31, 2006 are overstated. In addition, the disbursements were incorrectly charged to fund balance.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES , CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Section II - Financial Statement Findings and Responses, Continued

Reference Number, Continued

2006-02

Condition, Continued

Furthermore, we are unable to determine if the funds have been subjected to an audit for the year ended December 31, 2006.

Cause

Lack of a clear understanding of all the implementation requirements to include the effective date of Act 621.

Also, it appears payments were made prior to the reconciliation and adjustment, if applicable, for all monthly transactions.

Recommendation

We recommend that management revisit with the requirements of Act 621 to include the complete components to support the monthly disbursement. Also, the review should include legal and accounting consultation to ensure the effective date as well as the completeness of all transactions affecting the monthly disbursement amount. Finally, management should ensure compliance with the performance of an audit of all funds disbursed.

Management's Response

The Court En Banc has requested an opinion from the Louisiana Attorney General.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES , CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended December 31, 2006.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES , CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2006**

Section IV - Status of Prior Year's Findings and Responses

Reference Number

2005-01

Condition

Louisiana Revised Statute 39:1311 states that, "The chief executive officer or equivalent notify in writing the governing authority during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or more (LSA-RS 36:1311)."

Recommendation

None. The impact of August 29, 2005 disaster coupled with the mandatory evacuation of the population of the entire City of New Orleans, barred the **Judicial Expense Fund's** ability to comply with the Budget Act.

Current Status

See current year's finding reference number 2006-01.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS

EXIT CONFERENCE**

An exit conference was held with representatives of the **Judicial Expense Fund**. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

Nadine Ramsey	--	Chief Judge
Kenneth Burrell	--	Judicial Administrator
Andrea Johnson	--	Staff Accountant
Anne Castjohn	--	Chief Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM	--	Partner
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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Judges *En Banc*
**Judicial Expense Fund for the
Civil District Court for the Parish of Orleans
also including First and Second City Courts,
Recorder of Mortgages and Register of Conveyances
for the City of New Orleans
New Orleans, Louisiana**

In planning and performing our audit of the financial statements of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans** (hereinafter collectively referred to as **the Judicial Expense Fund**) as of and for the year ended December 31, 2006, we considered **the Judicial Expense Fund's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **the Judicial Expense Fund's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Judicial Expense Fund's** internal control.

During our audit, we became aware of matters that provide an opportunity for **the Judicial Expense Fund** to strengthen its internal control and operating efficiency. Also, we discussed with management, the current status of prior year's management letter comments. We previously reported on **the Judicial Expense Fund's** internal control in our report dated June 19, 2007. This letter does not affect our report dated June 19, 2007 on the financial statements of **the Judicial Expense Fund**.

We will review the status of these comments during our next engagement. We have already discussed these suggestions with **the Judicial Expense Fund's** personnel, and we will be pleased to discuss these suggestions in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEARS' COMMENTS TO MANAGEMENT

2006

The following summarizes our comments and suggestions to management:

Condition

Our review of the internal control over financial reporting for the **Judicial Expense Fund** in connection with our audit revealed the following conditions:

- Noted several stale dated checks which have been outstanding over six months at December 31, 2006;
- The accounts receivable - NSF check listing provided to us totaling approximately \$13,900 at December 31, 2006, included returned checks dating as far back as July 2005;
- The current amount charged for estimated post employment benefits pursuant to the requirements of GASB 45, needs to be reviewed for changes to the variables used in the determination of benefit amount;
- Noted several immaterial unreconciled differences between the general ledger control accounts and their related subsidiary ledger accounts; and
- Monthly journal entries prepared in connection with the monthly financial transactions processing lacked supervisory review beyond the preparer's level.

Recommendation

We recommend that management evaluate the previously described conditions with an aim towards resolution.

Management's Response

Management will review and write-off as necessary all outstanding checks and NSF checks receivable over six months old. The amount charged for post employment benefits will be reviewed. Unreconciled differences will be reviewed and monthly journal entries will be approved by the preparer's supervisor.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

STATUS OF PRIOR YEARS' COMMENTS TO MANAGEMENT

2005

Condition

Our testing of internal control over financial reporting revealed the following conditions:

- For twenty- two (22) transactions tested for the month of August 2005, we noted six (6) instances where the invoices paid did not bear evidence of staff verification of the mathematical accuracy of the invoices. However, our test of the mathematical accuracy resulted in no exceptions.
- Also, in two (2) instances, we noted no evidence of approval for payment on paid invoices.
- Furthermore, during our subsequent events testing, several invoices requested by us were not available for our review to ascertain the propriety in recorded amounts and period.

Recommendation

We recommend management's continued oversight in key control areas.

Current Status

Resolved.

Condition

Currently, the **Judicial Expense Fund** does not have a formal written policy to address its custodial credit risk that results from deposits of funds held by others on its behalf in excess of \$100,000 (Federal Deposit Corporation limit)with its financial institutions.

However, the **Judicial Expense Fund** maintains a collateral agreement with other institutions and reviews its adequacy on a periodic basis.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

STATUS OF PRIOR YEARS' COMMENTS TO MANAGEMENT, CONTINUED

2005

Recommendation

We recommend the establishment of a deposit policy to address all deposits of funds with others in excess of the Federal Deposit Insurance Corporation (FDIC) limit.

Current Status

Partially resolved.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the management of **the Judicial Expense Fund**, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 19, 2007